

██████████ A-4

Previous References

1937.
(Legis)

A

Quelousis Cr

Legis

File No. 483,

Serial No. 1.

Later References.

11

(130)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for

SUBJECT.

Memorials in connection with the
introduction of the "Money-Orders Bill"

WD 0578—G.P.B.—22,500—12-9-59

Mirza Nazimuddin
60/10/39.

GENERAL AND REVENUE SECRETARIAT

()

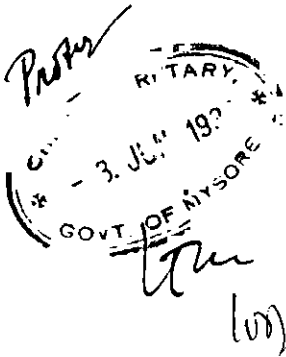
7142/27
P

Pet. No. 2439

OFFICE OF THE DEWAN OF MYSORE,

Bangalore, Dated 31.5.1938

The accompanying petition addressed to the Dewan is forwarded, with compliments, to the Chief Secretary to Government, for favour of disposal.



By Order,

[Signature]
Private Secretary to the Dewan.

NOTES AND ORDERS.

The question of having a money
lenders Bill is under consideration
the file has been referred to the
Govt. Advocate.

If approved the Bill will be
placed in that file on its return

NOTES—First Sheet

54
12/6

12/6

GENERAL AND REVENUE SECRETARIAT.

() _ _ _ _ _

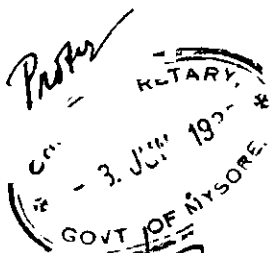
7142/37
P

Pet. No. 2439

OFFICE OF THE DEWAN OF MYSORE,

Bangalore, Dated 31.8.1938

The accompanying petition addressed to the Dewan
is forwarded, with compliments, to the Chief Secretary to
Government, *for favour of disposal.*



By Order,

K. S.
Private Secretary to the Dewan.

NOTES AND ORDERS.

The question of having a
Luders Bill to under consideration
in the file has been referred to the
Govt. Advocate.
If approved, the bill will be
placed in that file on its return.
54
12/6

NOTES—First Sheet

Pet. No. 2617



Bangalore, Dated 21. 6. 1938

The accompanying petition addressed to the Dewan
is forwarded, with compliments, to the Chief Secretary to
Government, for favour of disposal



By Order,

K. K. Chinnappa
Private Secretary to the Dewan.

In his file, if approved, be placed
in the file in Mysore, Bangalore Bk
24/6

1259/38
P

Pet. No. 660

OFFICE OF THE DEWAN OF MYSORE,

Dated 19.8.1938

mayn sent to the
Sudder 'mudr
or deary men
mudrney landers - Pui
du

for

23.8.38.

Reys.
~~CA 4 38 5~~

24/8?

The accompanying petition addressed to the Dewan is forwarded, with
compliments, to the Secretary to Government, H. S. G.

Department, for favour of disposal.

for P. & P. (P. & P.)

The money lender bills
for the control of money
lending business fixing
at the ^{same} time. maximum
rates of interest is under
consideration. This will
be placed in that file.

By Order,

K. R. P. M. S. for

Private Secretary to the Dewan.

use. 24/8.

by 24.8

log 24.8

Serial
No.

Memorials of Marwari Jain
merchants of C. A. F. opposing
the introduction of the money
lenders Bill.

The main representations
of the memorialists are
that they are doing their
business at great risk
that debtors are supplied
by protected money the
existing law and that
the proposed measure
need not be proceeded
with as it is calculated
to do with the already
serious situation in
which they are placed.

The principles of
the Bill meet with
unanimous accord in
the R. A. It is not
intended by the Bill
to harass the money
lenders and they now
have no apprehensions

2280 -

File No.

of 193

General and Revenue
Secretariat

That this would be adversely
affected.

No action seems called
for on the memorial.

It may, if approved,
be filed.

See
14/10/28
mm

The Act is not intended to harass
the money lenders or disturb the credit
facilities. The bill is introduced the petition
may be filed
(Chief Secy)

by
17/10



I believe a deputation waited on the Duran and
1st member in this connection. Larger interests of
the country should override sectional interests.
No action is called for on the petition.

39623
18/10

(1st member)

They wanted their
views to be heard at the time of
Select Com^{ee} stage

1502

19/10

115
19/10

115
19/10

Enc C

Serial
No.

Petition from Mr. Maradapora
P. A. member Madras Chamber
advancing the money lenders
Bill and suggesting that
the rate of interest should
not exceed 3 to 5% in the
case of secured loans &
6% in unsecured loans.

Petition from same sug-
gesting that loan-brokers advancing
money to borrowers & acting
for ~~the~~ house owners
should not be required to
be licensed and that
compound interest should
not exceed 3%.

Money lenders Bill
is to be introduced at
the next session.

The provisions of the
Bill will come up
for discussion in the
House & the Select Committee.
The rate of interest fixed
in the Bill will also

in return for...

Money to be sold

4312
4313

File No.

of 193 .

General and Revenue
Secretariat

be considered in the S.C.
As regards licensing
it is not intended that
every money transaction is to
be licensed.

These provisions may
perhaps be filed.

Suited for orders

~~54~~
4/1/39. This may be submitted
for the perusal of the
Member & if approved brought up
for consideration at the S.C.
stage. For orders.

Tom
4/1

This may be filed with the bill file

4/1/39

Serial
No.

Memorandum

from about 300 moneylenders of the Kolar Gold Fields
on the Provisions of the Moneylenders Bill.

In the letter which accompanies the Memorandum
it is stated that there is no objection in regard to the fundamental
principles of the Bill but only that some provisions are
undesirable and objectionable.

The Memorandum deals with the following clauses of the
bill.

cl 1 (2) : Exemption of the Kolar Gold Fields area from the
operation of the Act is requested.

Chapter II : The Complete omission of the Chapter which deals
with the Registration & Licensing of Moneylenders
is urged on the analogy of the Madras Debtors
Protection Act VII of 1935 and the Punjab Regulation
of Accounts Act I of 1930.

cl 9 . It is urged that there should be no restriction in
regard to the language or script in which
accounts are to be kept.

cl 11(2) . It is requested that this provision viz that a
debtor need not acknowledge the correctness of an
account furnished by the creditor and his silence
should not be presumed to amount to an admission
^{may}
~~ought~~ to be omitted.

cl 13. This clause which provides for the suspension of

Memorandum on the Moneylenders Bill.

File No.

of 193 .

General and Revenue
Secretariat

registered by the Registrar or any Deputy is also objected to
in IV. The rate of interest fixed as the maximum
allowable in any suit, is objected to as being too
low.

V: It is urged that there need not be any penalties
beyond what is provided for in the other provisions of
the Bill.

The Moneylenders Bill is going to be referred to a
Select Committee for Consideration. If approved
the Memorandum may be placed before the
Committee for Consideration, when it considers
the Bill.

Submitted for orders.

See
18.1.39.

put up with the concerned file.

kg
19.1.39

4570

Memorandum on the Moneylenders Bill

General and Revenue
Secretariat

File No.

of 193

[App. F. III—2]

Serial
No.Memorandum

on the Moneylenders Bill by the Sindh - Shikarpur
Bankers Association Bangalore.

The request is made that the operation of the Act
may be not be made applicable to the Sindh - Shikarpur
Bankers doing business in the State.

Objection is also taken to a number of the
more important provisions of the Bill as being
unnecessary in their case and as detrimental to
their trade and self respect.

If approved this may be referred to the
Select Committee which will be to which the
Bill is going to be referred.

Done
20.1.39.

Petition to the Legislative Council.General and Revenue
Secretariat

File No.

of 193

[App. F. III-2]

Serial
No.

Petition dated 21-1-1939 from the Multani Money-lenders of Bangalore city and Mysore city pointing out various difficulties inconveniences and loss which are likely to result to them as a class if the Moneylenders Bill is introduced & offering certain suggestions.

The Moneylenders Bill is included in the Agenda of the ensuing Session of the Legislative Council and the above petition is presented by the Multani Money-lenders of Bangalore city & Mysore and the same is dated and signed by the petitioners and is also addressed to the Govt (Legislative Deptt.) & the matter is also actually under consideration of the Council. The petition satisfies the conditions laid down in Standing order No. 64.

The suggestions made therein will have to be considered in the Protection Branch, if it is admitted.

Submitted for orders.

BON
23-1-39 - *[Signature]*
23.1

This is a memorandum addressed to the Govt and not to the Legislative Council and it does not satisfy the requirements of R. S. O. 64 cl 2.

The prayer is that the Govt should consider

D 1172/2c.

Memorandum of the Mulbani money lenders of Mysore State
File No. of 193 General and Revenue Secretariat

The representatives of the money lenders with 12 members
This need not therefore be considered as a petition
to the L.C. Their prayers will be considered ^{when} ~~when~~
the bill comes up before the Select Committee
(12 members
&
re new)

5289

OFFICE OF THE FIRST MEMBER OF COUNCIL JAN 24 1939 No. 5871

by
24/1/39

AM
24/1/39

Ms
24.1.39

4706

General and Revenue
Secretariat

File No.

of 193

[App. F. III—2

Serial
No.

Memorandum

from about 100 Pathan Moneylenders regarding
the Moneylenders Bill.

These moneylenders wish to place their views and
objections regarding the Moneylenders bill, before the
Government.

It appeared this will be placed before the
Select Committee that is going to consider the
Bill as per the motion on the agenda of the Council

~~Box~~
25.1.29.
JMV

The main file is has been submitted to
the First member.

by
26.1.39

Moneylenders Bill.
4879

File No.

of 193

[App. F. III—2

Serial
No.

From

Mr. N. N. Chaudhri

Letter d 26th Jan 39 forwarding a copy of his
observations on the Moneylenders Bill.

Members Note on the P.O.D

"May be acknowledged"

Sd U.M. 27.1.39.

Genl. Secretary (Sd) K.S. 28.1.39.

a draft acknowledgment is submitted for orders.

If approved this will be put up with the Moneylenders
Bill file and placed before the Select Committee



one
30.1.39
mm

9222

Issued 14200 dated 4.1.39:

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Money Lender Bill.

Letter from

Shri Laxmidaswari in

requesting that a ~~member~~
representative of the Indian
Shri Karmam Bankers Association
may be co-opted on the
Select Committee appointed
to consider the Money Lender Bill.

put up with a copy of the R & B
1/2

A copy of the Rules of Business is
put up herewith.

B.M.
3/12/39

Subbs.

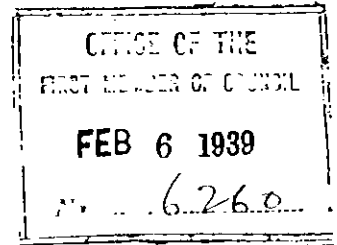
There is no provision for co-opting the
Gentlemen to the Select Committee but ^{any one} ~~the~~
may, if necessary, be invited to be present
at its sittings for the purpose of obtaining
information (Vide S.O. No. 52). This may
be forwarded to the Protection Branch for
necessary action.

B.M.
1-2-39

4992/P 1738/K3

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]



There is no provision to add a new member as member of the S.C.
If a request had been made at an earlier date a member of that community could have been nominated as a member of the L.C. under proviso to Sec 4 of the L.C. Act and then brought as the L.C. S.C.

Apart from S.O.S.2, under S.O.69 if the money lenders whose interests are affected by the bill desire to be heard either personally or through their Counsel, they can be heard in the S.C. subject to the conditions contained therein.

(81 member) by 6-2-39

new 8/1/39

This may be sent to the Prot. Branch for necessary further action.

28.2 Prot. by 8/2

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

use & place before the S.C. by

Serial
No.

The Conditions Contained in S.O. 69 ^{are} ~~is~~ that any person interested in the subject matter of a Bill which peculiarly affects Private interests may apply to be heard personally or by Counsel. The Select Committee will then, on the motion of any member, direct that he or his Counsel be heard.

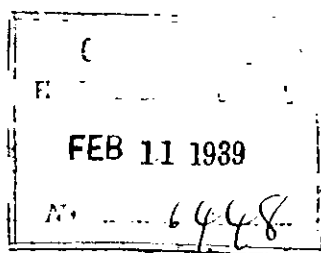
Since the Select Committee on this Bill is likely to meet on more days than one, the advisability of hearing one section of the Bankers represented by the Sikh Sikarpur Bankers Association may perhaps be considered at the first sitting.

A draft reply to the P. O. D is also put up for orders.

~~Done~~
7.2.39.
JMM

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]



From the manager
The Bank of Mysore
Bangalore.

No M. 249 dated 9.2.39
requests that the Bank of Mysore may
be exempted from the terms of the
money-lenders bill for reasons set out
in the letter.

If approved this letter with the placid before
the Select Committee on the money-
lenders bill.

The letter will be acknowledged
by me
11.2.39. 187-9 newbke)
RMV

by
11-2

RMV
14/2/39

A draft for letter is submitted.

by
14.2.39.

ackd by
14.2

Noted P 4367 dated 14th Feb 1939.

Petition for repeal or postponement of Moneylender Act

General and Revenue
Secretariat.

File No.

of 19 .

[App. F: III-2

Serial
No.

From

Messrs Syed Abdul Shakoor and Akhtar Mohamed
on behalf of Patan Moneylender in Mysore
petition dated 26.6.39

praying that the Moneylender ^{Act} ~~Bill~~ should be repealed or
at least postponed for 3 years.

The petitioners had represented their grievance and
suggestions through Council to the Select Committee
which considered the Bill, and the Bill as amended
by the Select Committee was presented only after all
such suggestions were considered.

The Bill received the gracious assent of His Highness
on 3.7.39 and will be published in the
Mysore Gazette shortly.

Subd for orders. No action appears necessary

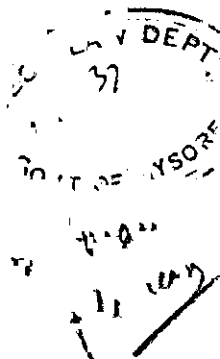
14.7.39
14.7.39

Law Secretary)

3
15/7

6.5/7

4
17/7



7142-637
P

OFFICE OF THE DEWAN OF MYSORE.
Date of receipt... 31.5.38
Petn. Regr. No. 2439

Submitted.

Money lenders and their transactions:- Introduction

of ' Bill to control the sharp practice of money lenders in the Mysore State and introducing important condemnation upon the usurers'.

1. To put it for legislature to introduce money lenders' bill in the Mysore State is absolutely necessary as the time is ripe. It will be a very important measure having far reaching effects on its face as its result.

2. If His Highness' Government are pleased and willing to devote their sympathetic attention and time to give the Bill the best required possible shape it is most humbly submitted that this Bill be referred to a Special Select Committee and to further to circulate it for eliciting public opinion as it would not be proper to place on the Statute Book of the Mysore State a measure of the kind without getting the views of all interests likely to be affected by it.

3. On your gracious approval I humbly beg to add that this Bill should mean to place the profession of money lenders on a footing of a well regulated honourable calling thereby protecting the ignorant, miserable and helpless borrowers from the clutches of ~~peasants~~ these dishonest money lenders.

4. Usury:- This practice had been condemned not only by Vedic Rishis of different communities in India but also old history shows that by religious heads in Europe as well in foreign places in as early as seventh century. In India the usurious loan act was passed so far the year 1918, but that "Act has not successfully worked as excessive and exorbitant rates of interest was not defined there" and "the interpretations varied in different capacities."

For instance

For instance a transaction had to be proved unfair and the Court then will be obliged to use their powers.

5. On your gracious approval a Provincial Banking Committee should be formed to investigate as to how much judicial control these transactions of the unfair money lenders holds water.

6. "On your gracious approval the Enquiry Committee be asked to hold half a dozen sittings and to investigate and make a report on the points" and "several of the points that will be flowing before their atmosphere at the time."

7. Judicial control over the accounts of transactions, over the terms, "the rate of interest levied", "prohibiting compound interest", "administrative control", "licencing control", "Registration control", etc., and "the feasibility as to how works should be vested under the orders of the Government".

8. I sincerely trust that this humble submission in the matter herein recorded will receive your just and equitable consideration in passing this to the Legislative Secretary for favourable consideration and bring before the next Legislature of the State. *Humbly request for an Endorsement*

Bangalore,

31-5-1938

Imamuddin Ishtari
Loyal Citizen of the
State.

7555/37
P

PAWN-BROKERS' BILL.

OFFICE OF THE DEWAN
OF MYSORE.

Date of receipt 20-6-38

Petn: Regr. No. 2617

Submitted:--With a view that highway robberies, burglaries and pilferings which are the orders of the day are to be got rid of, controlled by the State Legislature, it is absolutely necessary and the time is ripe on your gracious approval orders should be issued for the introduction of a pawn-brokers' Bill for the Mysore State, so that the costly properties from several of the mansions, bungalows and other responsible places, some times Palace, should not be stolen and brought, for pawning in Marwari Pawn-brokers' shop wherefrom Barbers, Hotels, Lunch-counters, proprietors, be in possession of the costliest properties of the abovesaid places through the influence of pawn-brokers for 40 to 80 rupees' property the pawn-brokers having paid 5 or 10 rupees but demands 40 to 150 from other buyer. On your gracious approval, the investigation of this submission may be tackled to the Inspector-General of Police with whose help if 8 Divisions of Bangalore City are ordered to take the Census of Pawnbrokers' shop, it will be found not less than 10 to 20 such shops will be in each division who induce sometimes young children of the houses to steal household things and to pawn them for, at the moment necessity of the requirer.

Provided on your gracious approval, this submission may be placed under the investigation of a Sub-Committee and a Controlling Committee and finally on further gracious approval be brought on the portfolio of the legislature of the Mysore State, as, in your such beautiful regime, such kind of corruptive situation may not be allowed to face the atmosphere.

ix money
lenders Bill

The enclosed is also submitted for kind perusal to give some glimpses of the situation for further investigation, On approval, humbly request for an Endorsement.

Dated 10th June 1938.
Bangalore city

Imamuddin Meheri
LOYAL CITIZEN OF THE STATE.

"Money Lenders Bill"

Submitted.

Money lenders and their transactions:- Introduction of a Bill to control the sharp practice of money lenders in the Mysore State and introducing important condemnation upon the usurers.

1. To put it for legislature to introduce money lenders' bill in the Mysore State is absolutely necessary as the time is ripe. It will be a very important measure having far reaching effects on its face as its result.

2. If His Highness' Government are pleased and willing to devote their sympathetic attention and time to give the Bill the best required possible shape it is most humbly submitted that this Bill be referred to a Special Select Committee and to further to circulate it for eliciting public opinion as it would not be proper to place on the Statute Book of the Mysore State a measure of the kind without getting the views of all interests likely to be affected by it.

3. On your gracious approval I humbly beg to add that this Bill should mean to place the profession of money lenders on a footing of a well regulated honourable calling thereby protecting the ignorant, miserable and helpless borrowers from the clutches of ~~these~~ these dishonest money lenders.

4. Usury:- This practice had been condemned not only by Vedic Rishis of different communities in India but also old history shows that by religious heads in Europe as well in foreign places in as early as seventh century. In India the usurious loan act was passed so far the year 1918, but that Act has not successfully worked as excessive and exorbitant rates of interest was not defined there. and the interpretations varied in different capacities.

For instance

For instance a transaction had to be proved unfair and the Court then will be obliged to use their powers.

5. On your gracious approval a Provincial Banking Committee should be formed to investigate as to how much judicial control these transactions of the unfair Money lenders holds water.

6. On your gracious approval the Enquiry Committee be asked to hold half a dozen sittings and to investigate and make a report on the points and several of the points that will be flowing before their atmosphere at the time.

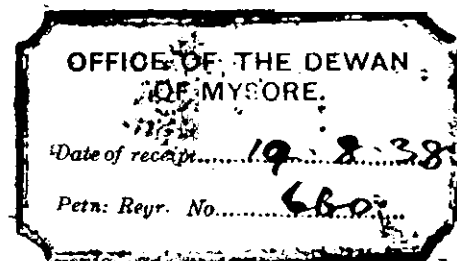
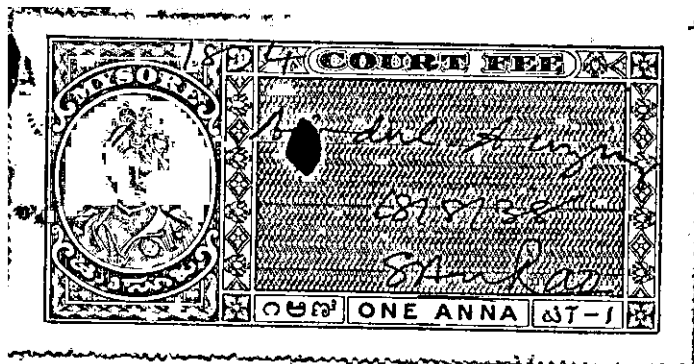
7. Judicial control over the accounts of transactions, over the terms, the rate of interest levied, prohibiting compound interest, administrative control, licencing control, Registration control, etc., and the feasibility as to how works should be vested under the orders of the Government.

8. I sincerely trust that this humble submission in the matter herein recorded will receive your just and equitable consideration in passing this to the Legislative Secretary for favourable consideration and bring before the next Legislature of the State.

Bangalore,

31-5-1938
10-6-1938

Imanudin Isakri
Loyal Citizen of the
State.



Bangalore City,

Dated: 18th August 1938.

To:

The Dewan of Mysore in Bangalore,

B A N G A L O R E.

Respected Sir,

We the citizens of Bangalore City most respectfully beg to bring the following few lines to your sympathetic notice and for orders there on.

We beg to state that the money lenders such as the Saites, Multanies, Punjabees in Bangalore lend money to the poor and to merchants who are in need of capital at high rates of interests, and extract as much as possible from them. The few examples of the transaction given hereunder will convince your honour of the injustice that is going on.

Some lend money deducting interest at the time of lending at the rate of 4 as. per rupee and collect the money at the end of one month by force. That is to say they will lend Rs. 0-12-0 and collect Re. 1-0-0 at the end of the month--the rate of interest comes to 33 1/3 per cent.

P.T.O

Some other people lend money on instalment basis. Deducting for interest at Rs. 15 to 20 at the time of lending, they pay only Rs. 85 to 80 and take a promissary note from the party for Rs. 100/- on condition that the amount should be paid by daily instalments of one rupee and thus to clear the loan in 100 days. You will understand the truth of this, if you kindly look into their accounts.

So we pray you to consider this and pass orders regarding the levy of interest and fix a rate which should not be exceeded in Mysore State.

We beg to remain,

Respected Sir, -

Your most obedient citizens,

- | | |
|------------------------------|-------------------------------|
| 1. <i>செ. வீ. சீ. சீ. -</i> | 19. <i>K. S. Balakrishnan</i> |
| 2. <i>செ. வீ. சீ. சீ. -</i> | 20. <i>செ. வீ. சீ. சீ. -</i> |
| 3. <i>செ. வீ. சீ. சீ. -</i> | 21. <i>K. S. Balakrishnan</i> |
| 4. <i>செ. வீ. சீ. சீ. -</i> | 22. <i>Venkatesh</i> |
| 5. <i>செ. வீ. சீ. சீ. -</i> | 23. <i>செ. வீ. சீ. சீ. -</i> |
| 6. <i>செ. வீ. சீ. சீ. -</i> | 24. <i>செ. வீ. சீ. சீ. -</i> |
| 7. <i>செ. வீ. சீ. சீ. -</i> | 25. <i>R. Channan</i> |
| 8. <i>செ. வீ. சீ. சீ. -</i> | 26. <i>செ. வீ. சீ. சீ. -</i> |
| 9. <i>செ. வீ. சீ. சீ. -</i> | 27. <i>செ. வீ. சீ. சீ. -</i> |
| 10. <i>செ. வீ. சீ. சீ. -</i> | 28. <i>செ. வீ. சீ. சீ. -</i> |
| 11. <i>செ. வீ. சீ. சீ. -</i> | 29. <i>செ. வீ. சீ. சீ. -</i> |
| 12. <i>M. Govindarajulu</i> | 30. <i>K. B. Chinn</i> |
| 13. <i>செ. வீ. சீ. சீ. -</i> | 31. <i>K. A. Chinn</i> |
| 14. <i>செ. வீ. சீ. சீ. -</i> | 32. <i>செ. வீ. சீ. சீ. -</i> |
| 15. <i>செ. வீ. சீ. சீ. -</i> | 33. <i>செ. வீ. சீ. சீ. -</i> |
| 16. <i>செ. வீ. சீ. சீ. -</i> | 34. <i>செ. வீ. சீ. சீ. -</i> |
| 17. <i>செ. வீ. சீ. சீ. -</i> | 35. <i>செ. வீ. சீ. சீ. -</i> |
| 18. <i>செ. வீ. சீ. சீ. -</i> | |

2282
7704.8

OFFICE OF THE DEWAN OF MYSORE.	
Date of receipt	12.10.38
Patn. Rej. No.	965

Amin-UL-Mulk

Sir Mirza M. Ismail, Kt, K.C.I.E., O.B.E., C.St.J.,

Dewan of Mysore,

B A N G A L O R E.

scare away,
R. A. & L. C.
with Compliments.
Bo

13 OCT 1938
PRIVATE SECRETARY
TO THE DEWAN OF MYSORE
OFFICE OF THE DEWAN
REPRESENTATIVE ASSEMBLY
AND
LEGISLATIVE COUNCIL

Humble Memorial of the Marwari Jain Merchants

of Kolar Gold Fields respectfully sheweth :-

1. The Marwari Community in the Mysore State is a very enterprising community of business - men spread all over the nooks and corners of the State, doing money lending business for very nearly a century if not more. They have lived here for generations. They have acquired property, built residences, fixed up their family abode and are amongst the most loyal and dutiful citizens of the State.

2. They have contributed greatly to the prosperity of the Country and of its inhabitants . Most of them look to their future prospects to the authority of the State and to their fellow subjects in Mysore. They engage in their business pursuits and do not attach themselves to any subversive or other activities detrimental to the interest of their August Sovereign or of the highest prosperity of the State. They tender their most loyal and humble homage, with gratefulness and gratitude to the Mysore Throne

Has this?
am afraid in future
to be more correct

which has protected them for generations in their peaceful avocations.

3. The interests of the Marwari Jain Community in all parts of the State is generally the same but with a difference between agricultural and non -agricultural tracts. In Agricultural areas their interest is bound up almost entirely with the wellbeing and prosperity of the agriculturists. In urban areas there have entered into competition with them organised Banking Institutions and the institutions devoted to Co-operative credit. With these and other private business enterprises ,concerned with money lending members of the Marwari Community have had the most cordial relations. They are hit hard along with the rest of the money -lending classes by various amendments introduced from time to time into the Insolvency Act, the Civil Procedure Code, the Usurious Loans Act and other Enactments. The fall in prices and consequent loss of Agricultural credit, as well as the introduction of the Agriculturists Relief Act 10 years ago, have already deeply affected money -lending operations in the State.

4. In respect of the matters above referred to, your Memorialists have arranged to send separate representations through their representatives, as their business has suffered -

terribly for several years past. They submit and appeal that their point of view in this behalf might be taken into consideration for suitable modification of these provisions to ensure the security and establishment of - business credit.

5. Your Memorialists have read and heard with grave concern that there is a proposal for imposing fresh and more onerous burdens on the already heavily hit money lenders in the - ensuing sessions of the Representative Assembly to be held in the Dasara of 1938.

6. Your Memorialists most humbly and respectfully submit that this is a matter which - concerns them most deeply for their future - existence is bound up with this proposed piece of Legislation.

7. Your Memorialists pray that they may be pardoned for inviting your attention to several facts of a peculiar nature governing the con - ditions of their existence on the Kolar Gold Fields.

8. While opposing these proposed measure in common with their brethren in other parts of the State, Your Memorialists most respectfully submit that the area of the Kolar Gold Fields

is entitled to a separate consideration of its own. There are no permanent buildings on the Kolar Gold Fields in the sense in which they can be so regarded in the Cities of Bangalore or - Mysore or in other Towns. Many of your Memorialists own buildings on which they will have to get advances at high rates of interest and sell them in case of necessity at a very nominal value as - there are no buyers. No incorporated Bank or Joint Stock Company would lend money on the security of immovable property in the Kolar Gold Fields area.

Secondly, the population is a floating - population owning no lands or property of any kind, whose whereabouts are largely and in - variably unknown and the borrower when he - leaves the mining area can hardly be traced. The protection which he has got under the Civil Procedure Code and the Insolvency Act is al - ready so great that the money lender often - fails to get any return of his money, while many a time he loses the principal itself.

Thirdly, the nature of the business in which the Mining population engages itself is such as calls for very grave risks.

Fourthly, the workers on the Kolar Gold Fields get no pension, receive no ~~XXXXXX~~ bonus and have no provident fund or -

or gratuity provided for them except some small sums which go entirely as a small provision to their dependants from which the money -lenders get nothing.

Not in the
interests of
bankers,

9. Your Memorialists are a Community of Businessmen who have settled and sunk their all in securing their living on the Kolar Gold Fields. Their investment - involves the greatest risk which anybody of money - lenders could take in the State. These conditions of things have always been recognised, Your Memorialists are grateful ,to admit, by His Highness' Government. Therefore, Your Memorialists submit that the safeguards for the debtors are already adequate and more than adequate for the protection of debtors and no debtor need be afraid of an unfair deal with his creditors. Courts have been invested with sufficient discretionary power to relieve the debtors from hard, unconscionable or substantially unfair transactions.

10. Your Memorialists respectfully submit that except for the Government and a few Members in the Representative Assembly and in the Legislative Council who are pleased to recognise the gravity of the situation, the lot of the money lending community goes unprotected and undefended. Your Memorialists beg to express their - gratitude to the Government for the protection afforded to them.

Your Memorialists most humbly and respectfully pray that the Government may be pleased not to accord its support to any measure calculated to disturb the

already serious and embarrassing situation in
which your memorialists are now placed.

For which act of kindness Your Memorialists
pray for your long life and prosperity.

Robertsanpet
Kolar Gold fields
21st Sep 1938

Hanachandel
Bannan Jethi
Members of the Marwari
Jain Community.

(दावापत्रावली नं. १२५)
श्री. व. ०१५१ -
P. Seebhand
(दावापत्रावली नं. १२५)
दावापत्रावली नं. १२५
(दावापत्रावली नं. १२५)

दावापत्रावली नं. १२५
दावापत्रावली नं. १२५
(दावापत्रावली नं. १२५)
दावापत्रावली नं. १२५
ARahimchand
दावापत्रावली नं. १२५

S Hummationull

दावापत्रावली नं. १२५
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५
(दावापत्रावली नं. १२५)

(दावापत्रावली नं. १२५)
(दावापत्रावली नं. १२५)
दावापत्रावली नं. १२५

दावापत्रावली नं. १२५
(दावापत्रावली नं. १२५)
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५

दावापत्रावली नं. १२५
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५

M. Phaniwal
(दावापत्रावली नं. १२५)

(दावापत्रावली नं. १२५)
दावापत्रावली नं. १२५
(दावापत्रावली नं. १२५)

(दावापत्रावली नं. १२५)

दावापत्रावली नं. १२५
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५

(दावापत्रावली नं. १२५)
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५

M. Misrilal
दावापत्रावली नं. १२५

(दावापत्रावली नं. १२५)
P. Jugray
दावापत्रावली नं. १२५

(दावापत्रावली नं. १२५)
दावापत्रावली नं. १२५
दावापत्रावली नं. १२५

V. Sankeelal

(दावापत्रावली नं. १२५)
Kharunchand.

(दावापत्रावली नं. १२५)

(दावापत्रावली नं. १२५)
R. Oothamchand.

S. Jugraydaga

दावापत्रावली नं. १२५

P. Misarimal.

(दावापत्रावली नं. १२५)

P. Bhowarlal. Shariwal

(दावापत्रावली नं. १२५)

(दावापत्रावली नं. १२५)

(दावापत्रावली नं. १२५)

(दावापत्रावली नं. १२५)

(दावापत्रावली नं. १२५)

Mothelal

Mesrilal

ਦਾ ਸੁਭਾਸ਼ਿਤ ਕੁਮਾਰ ਕੌਰ

ਦਾ ਕੀ ਕਾਗਜ਼ ਨੰਬਰ 132-ਯੂ

ਦਿੱਤੇ ਗਏ ਸਨ

ਨਾਮ ਦਿੱਤੀ ਗਈ ਹੈ

ਦਿੱਤੀ ਗਈ ਹੈ

ਦਿੱਤੀ ਗਈ ਹੈ



శ్రీ దత్తాత్రేయస్విని R. A. మేంబరులు రువ.య.భ.సం
స్థాపక చురంజు వృంద సభాపతి అయ్యి పనిచేయును

ದೂರವಿಚಾರದಲ್ಲಿದ್ದ ನನ್ನ ಅಜ್ಜಿಯವರು ನನ್ನ ಆಸೆಗಳಿಗಾಗಿ 22-12-1938ರಲ್ಲಿ
ಲೇಖಿಸಿಟ್ಟ ಆ ಪತ್ರವು ದನೇಮಕ್ಕುರಿ ಮಠಕ್ಕೆ ಅದರ ಮಾರ್ಗದರ್ಶನದಂತೆ ಬಂದಿತು
ಮಾತಿಲ್ಲದೆ ಆ ಪತ್ರವನ್ನು ನಮಾಡಿಸಿರುವವರಿಬ್ಬರೂ - ನನಗೆ ತಿಳಿದವರಾದ್ದರಿಂದ
ತಿಳಿಸುತ್ತೇನೆ. ಇದನ್ನು ಬಳಸಿಕೊಂಡು ಮುದ್ರಣಮಾಡಬಹುದು.

[illegible]

అటోరెనిర్దుడుచ నందరి. ఈనిశేర్పాత్తయిల్లు రాజ్యదల
 చనే సునదేయ్యుత్తదే. ఎంత రాజమంత్రియన్నే శీలదంతయు
 దప్పేమంత్రియ. దీర, రాజనో ఇన్నయచ్చదా చనూనతో
 యుచ్చిల్లి. ఆదరే హొట్టెవరహోల దబడియ్య. నదియ.
 నిరూ నదేయ్యుత్త ఇదే. ఇరుచ సదచనా ఇల్ల వింతదోళద
 నంకే. తిరప్పే న్మర ఆరాజ్యదల్ల తీరీనింద బరిందరవన్న
 చుండెందరి. ఈదురా నూనన్న బొరియల్లు శందనంకే.

మేంబరు సగల్లు శీలవరు శీలమంతరి
 రబ్బడు. బడి దరయా. హొట్టెరకప్ప జాలదబడిదరయా
 పయ్యంక సుత్తేంబ బావ నేయింద నత్త రదత్తుతి నిర్ది సగన్న
 పంతు తివరత్తుల వ్వునతియని రానూన్న యాతిహొబ్బపుడు.

ఇదండి నత్తరవు బడగచూ శ్చేతను
 సగన్న దాగూచా ఆదంకేయూ ఆ సుత్త.

నన్న ఆత్మయ చన్న దయ చా ఆచర్యా
 యోరెనిర్దుడుచ న్మే మేద్యచా సుత్తదే
 చచారకు ఇతిని హొరబానా హొరుత్తేన

శ్రీ మహాశివ
 ఆర్.ఎ. చంద్ర
 ౧౦.౧౨.౧౩
 ౧౯౯౩

Legis 4555 - 38
P

To
wg/171.39

**The Secretary to Government of
His Highness the Maharaja of Mysore
Legislative Department, Bangalore**

Sir

We the undersigned representing about the 300 money lenders carrying on money-lending business in Kolar Gold Fields, desire to place before the Government, as per Memorandum annexed, our views and objection regarding the "Money Lenders' Bill" proposed to be enacted as law in Mysore.

We wish to make it clear that we are not opposed to the fundamental principles underlying the "Bill", but it is felt that there are some provisions which are undesirable as well as objectionable.

We therefore request that Government will give due consideration to the objections etc., urged in the Memorandum and hope that in the light of these objections the Bill will be suitably amended prior to its being placed before the Legislative Council.

25 copies are enclosed for use of the Govt.

We beg to remain,

Sir,

Yours faithfully

S Annamathnall

~~Signature~~

*Vide separate continuation
for signatures.*

- 1 S Hummath null
2. உயர்வுரைப்பாடு
- 3 உயர்வுரைப்பாடு -
- 4 J. M. Shanmull
- 5 உயர்வுரைப்பாடு
- 6 உயர்வுரைப்பாடு
- 7 உயர்வுரைப்பாடு
- 8 உயர்வுரைப்பாடு
- 9 உயர்வுரைப்பாடு
- 10 உயர்வுரைப்பாடு
- 11 உயர்வுரைப்பாடு
- 12 உயர்வுரைப்பாடு
- 13 உயர்வுரைப்பாடு
- 14 உயர்வுரைப்பாடு
- 15 உயர்வுரைப்பாடு
- 16 Agt papal
- 17 உயர்வுரைப்பாடு
- 18 உயர்வுரைப்பாடு
- 19 உயர்வுரைப்பாடு
- 20 உயர்வுரைப்பாடு
- 21 உயர்வுரைப்பாடு
- 22 உயர்வுரைப்பாடு
- 23 உயர்வுரைப்பாடு
- 24 உயர்வுரைப்பாடு
- 25 உயர்வுரைப்பாடு
- 26 உயர்வுரைப்பாடு
- 7 Athalindiano

- 28 உயர்வுரைப்பாடு
- 29 உயர்வுரைப்பாடு
- 30 உயர்வுரைப்பாடு
- 31 Mohimall
- 32 B. Ghay Ray
- 33 உயர்வுரைப்பாடு
- 34 உயர்வுரைப்பாடு
- 35 உயர்வுரைப்பாடு
- 36 உயர்வுரைப்பாடு
- 37 உயர்வுரைப்பாடு
- 38 உயர்வுரைப்பாடு
- 39 உயர்வுரைப்பாடு
- 40 உயர்வுரைப்பாடு
- 41 P. H. Chellachetty
- 42 K. S. Jeyasingh
- 43 உயர்வுரைப்பாடு
- 44 R. T. Bannan
- 45 உயர்வுரைப்பாடு
- 46 உயர்வுரைப்பாடு
- 47 K. K. K. K.
- 48 A. V. Bannan
- 49 M. K. Bannan
- 50 K. K. K. K.
- 51 K. K. K. K.
- 52 R. K. K. K.
- 53 B. K. Bannan
- 54 K. K. K. K.

55 P. Rangabadi 81.

Mr. J. J. Higgins & Co.

7. दा. अ. देवास्वयस्येय।

58 *John H. Binley B. N. Aug.*

9. J. C. Smith

50 $\rightarrow$ 160 mi from

61 V.R. ~~as an~~ ^{is} ~~not~~ ^{is} ~~signed~~

62 V.V. Basmalov et al.

3) (പ്രകൃതിദത്തമായ) -

64 வினா

25 mi - 1000 ft

56 W.C. Bondy - 44 44.

27. P. H. Leitz-Fischer

18 m^c m₁ Ames Jan.

99 Allegany Co.

10 10-4 2010 11/11

71 dr. 4 meining 34 in

72. J. J. J. J. J.

73 M. J. Simpson

74 Is. R. Zichorinsky

75 P.O. Higgins

76 2. 4. 1921

7.7 *21 Aug*

78 M. ~~Johnson~~ was Aug

79 Re. Plenums

80 P. J. also known as Heck

6. 1. 1915
P. Surafnull

T. Luk Raj.

M. J. M. M.

১১। গিতনা' অর্থাৎ লোহিতা-
১২। ১৩। ১৪।

உயரவழிநாடு அமைந்த
தேவநாடுமே அமரநாடு

— ५१५१०१५५ —

अहिर

411518212 234

2013/05/15

in unbroken March 1907

சென்னை, 11.12.2019

2011/11/28

11/12/2019

B.D. 22/5/21

CP. సం. ౧౯౫౩

మ. చ. శ్రీకృష్ణ

90230 76069 25247

Rajah. H. Venkata Lakshminah

ਅੰਗਰੇਜ਼ੀ ਸਾਹਿਤ

2024-2025

B. Chyde M

1. कारणरूपमन्त्रादयोः

1. கி. சி. சி. சி. சி.

Sheshanarayana
શ્રી શ્રી ૧૦૮ સ્તોત્ર

શ્રી ગવત્રી

S. Lalchand

શ્રી આયુષ્ય વંશી વંશી

G. Ramakrishna Rao

શ્રી પદ્માવતી

શ્રી ગંગા

શ્રી. હરિ

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

H. Prabhachand

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

P. Mohamed Haniff Shah

V.K. Abdulla Sahib

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

D.W. Chandrasekar

Mohiadeen Sheriff

Shri Hanak Chaudhary
શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર
M. Indermal Nabariya

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

શ્રી ૧૦૮ સ્તોત્ર

Ref: ~~XXXXXXXXXX~~ XXXXX
XXXXXX XXXXX
XXXXXX
XXXXXX

XXXXXX XXXXX
XXXXXX

XXXXXX XXXXX
XXXXXX XXXXX

XXXXXX XXXXX
XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX
XXXXXX XXXXX
XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX

XXXXXX XXXXX
XXXXXX XXXXX

દા. ૩૩૩૩ ૫ ૩૩૩૩૩૩ -

દા. ૩૩૩૩૩૩૩૩

P. Bhavarlal

~~દા. ૩૩૩૩૩૩૩૩~~
દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

Omishrilal

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

Mohaniwall

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

દા. ૩૩૩૩૩૩૩૩

MEMORANDUM
ON THE PROVISIONS OF
THE MONEY-LENDERS' BILL

SUBMITTED BY
THE MONEY-LENDERS
about 300 in number carrying on business in
Kolar Gold Fields.

B. S. IYENGAR, PRINTER, B. CITY.

MEMORANDUM
ON THE 'PROVISIONS OF
THE MONEY-LENDERS' BILL
SUBMITTED BY
THE MONEY-LENDERS
about 300 in number carrying on business in
Kolar Gold Fields.

—o—

I. **Sec. 1. (2) Application** :—We request that the Kolar Gold Fields area may be excluded from the operation of the Act for the following reasons :—

The persons who borrow moneys in this area are almost wholly labourers, contractors and others who work in the Gold Mining Companies. They have no permanent residences nor do they own any property. They are a floating population who absent themselves periodically from the station and either abandon the work or rejoin, as it suits them. It can never be confidently said about them that they make a permanent stay in the place. Dealings and transactions with them are very insecure and risky. They very rarely borrow on securities, because they do not possess any. Persons borrow jointly in many cases and those who become guarantees or sureties are not in any better position than the borrowers themselves. Moneys are advanced entirely on personal credit in the hope of the borrowers continuing to work. The transactions are therefore very hazardous and more often than otherwise, the creditors have been incurring great losses.

These persons borrow even very small sums such as a rupee or two, and for short periods. It is never possible to say of them that they will stay in the place even during the whole of such periods.

Several of these apply for being adjudicated insolvents and the creditors are hardly able to realize even a fair portion of the amount paid or due.

In those instances, which are very few, where a borrower has some property, it is not of any importance, as the market value of properties in the area is very low; such property is not really a 'Security'.

II. Re: Chapt. II (Registration and Licensing of Money-Lenders) Sections 3 to 8 inclusive.

The whole chapter should be omitted.

We say that these provisions must be deleted as being unnecessary and impracticable. They do not serve any useful purpose and are of no value to achieve the objects of the proposed legislation as explained in the statement of Objects and Reasons.

These provisions do not affect the transactions in respect of which alone legislation is sought and they do not in any manner help to remedy the defects in the business if they exist. The objects of the bill can be fully achieved by the aid of other provisions. They are therefore a superfluity which will only entail additional work. Such considerations apart, these provisions put an unnecessary restraint on the free actions of persons by having to take out permits for contracts between them. The control of the State

is hardly necessary and such an undue restriction will certainly hurt their feelings and self respect

The Act does not anywhere indicate how the list of licensees could be made use of for the purpose in view.

The Punjab Regulation of Accounts Act of 1930, which is one of the two enactments that have come to our notice on this subject does not contain any provision to this effect ; nor does the Madras Debtors' Protection Act (No. VII of 1935.). It may be seen that the Draft Bill in Madras contained similar provisions and that they were objected to. They were therefore omitted. It is significant that the provisions contained in Chapter II of the Bill do not consequently find a place in the Madras Act. It is noteworthy also that on a reference made by the Government of India in 1923, the Madras Government gave it as their opinion that "the registration of Money-Lenders would be formidable and an impossible undertaking and would be so far from complete as to be useless" (Vide Page 6. Para 13 of the Memorandum submitted to the Madras Government in this connection ; copy attached for perusal)

The Indian Central Banking Enquiry Committee does not also favour it, but on the other hand discountenances it. The weighty opinion of the Committee is thus given, (Vide Page 7 of the same Memorandum.)

"We are therefore not in favour of the proposal to introduce a system of licensing money-lenders either

compulsory or voluntary. On the other hand from the evidence we have received we gather that any such compulsion would only accelerate the process of driving out those bankers from Banking proper to other spheres of business. They would make a large gap in the banking system of the country which would be detrimental to national interest." These remarks are very apt and appropriate to the Gold Fields area in particular, and it cannot be said that conditions in the Mysore State are so different as to justify our ignoring the above views and depart from the situation obtaining either in Punjab or Madras, and introduce here a rule not desirable or wanted there. Never can we say that banking concerns are too many in Mysore. If at all, we have very few of them and many more are felt necessary. Restrictions of the kind proposed would be a serious setback, if not an obstacle, to persons desirous of pursuing this business.

Failure to maintain correct accounts can always be visited with suitable penalties by a Court of law and the present Bill contains them. Cancellation of the license to conduct the business is too serious a punishment and has the consequence of preventing him from carrying on a business which may be his only source of income or bread.

III. Chapter III—Regulation of Accounts:—

We are quite agreeable to maintaining accounts as far as possible in any form prescribed, but we feel that any rule as to the 'language' or 'script' results in great difficulties, inconveniences and will open out avenues for fraud. In the first place it is not reasonable to

expect a person to record his transactions in a language other than that which he knows or is conversant with. Further, there is the obvious disadvantage of his inability to check the entries and certify to their correctness. A creditor would have to depend entirely upon the honesty and fidelity of his clerk. If he should be made responsible for the correctness of the entries in his books it is only fair that he should not be compelled to keep them in a language not known or clear to him. He will have no means ordinarily of detecting frauds by his clerk. His credit would be imperilled and danger to his trade; and consequent loss, will ensue. This provision will indirectly compel every money lender to learn a language which he may not wish to learn. These remarks apply with equal force to scripts and numericals. Take for instance a firm of Mussalman or Multanees or of Frenchmen. How can they reasonably be compelled to maintain accounts in English, Kannada or Telugu? Equally so, it gives room for any partner in a firm who knows that particular language, to be dishonest, if he is so minded, towards his partners who may not know that language. Legislation should, we submit with respect, leave very little room for such occasions. This Act being intended to prevent deceit, these provisions may be made use of by dishonest persons to perpetrate another kind of fraud on the money-lenders themselves.

Section II (2):—The latter part of this provision is a rule of evidence which will interfere both with the Evidence Act and the functions of a Judge in a Court of Law on a question of appreciating the evidence in a case. In our opinion, it should be omitted.

Section 13—Inspection of Registers :—In the light of our representations on Chapter II it follows that this provision should also be expunged. It is, in any event, open to many serious objections. It is an in-road on the confidential nature of the transactions, which is a very important matter. There could be no good reason why, save as mentioned hereunder, a stranger should be informed of a transaction between two persons unless they voluntarily disclose it by mutual consent. There can be imagined only 3 cases where this may be done: namely, in Court of Law or by an Income-Tax Officer, or where the State forfeits and seizes the books in an appropriate case. A Court of Law does not itself ordinarily see or permit others seeing any entries beyond those involved in the case. The provision under consideration infringes the right of every person to keep his domestic matters to himself. Even as all the provisions stand, the power and authority to cancel registration and a license having been given only to a Court of Law (Vide Sec. 19) no useful purpose is served by an inspection by a Registrar. Under cover of inspection an official may be tempted to ransack all the entries in the books. This should never be permitted. The provision to furnish a statement, when required ought to suffice. It is said that the Punjab Act does not contain such a provision, the Madras Act certainly does not contain it.

Chapter IV—Provisions relating to suits in respect of loans :—Having regard to the conditions, circumstances and the peculiar difficulties described in para I supra under which money lending business

is carried on in the Gold Fields area, the restriction on the rate of interest now prevailing will work as a great hardship and will result in many persons having to wind up their 'business' and resorting to other pursuits.

On enquiry it will be found that many of the money-lenders systematically trade with capital borrowed from persons better placed in life, they in their turn borrowing from others who are more fortunate. Any undue restriction on the rate of interest charged will therefore prevent them from lending.

Interest thus paid, rents, income-tax, professional tax, establishment charges and similar other expenses, all deducted, there is very little margin left for a lender. Taking into account the class of borrowers, the amounts borrowed, the large number of cases under the Insolvency Act, suits by minors, application under the Agriculturists Relief Act and the Debt Conciliation Act, there is no hope of the lender getting any small return for himself. That being so the maximum limit fixed is very low. The Madras Act has fixed them as 9 per cent and 15 per cent p.a. on the secured and unsecured debts. In the Gold Fields area, it is very reasonable not to bring it down beyond 1 per cent and 2 per cent per mensem for all debts above Rs. 50.

V. Chapter V—Penalties:—Sec. 19. These provisions are not found in the Madras Act. The other provisions in the bill afford a suitable and sufficient punishment for any contravention of the law. There is no reason to provide this extraordinary punishment

of depriving a person of the means of his bread for a violation, of a rule not involving any moral delinquency or any 'offence' under the Penal code. The violation is only in the nature of a disregard of a wholesome provision and does not partake of the character of an offence committed against society or the State.

4570938
P

MEMORANDUM

SUBMITTED TO

THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA
OF MYSORE

ON THE MONEYLENDERS' BILL

=====

BY THE MEMBERS OF

THE SIND SHIKARPUR BANKERS' ASSOCIATION

BANGALORE AND MYSORE

JANUARY 1939

MEMORANDUM

Submitted to the Government of His Highness the Maharaja of Mysore
on the Moneylenders' Bill by the Members of the Sind Shikarpur
Bankers' Association, Bangalore and Mysore.

1. **History** :—The Multani Community, as the Sind Shikarpuri Bankers' Community is popularly known in these parts, started their Banking operations in this State over 75 years ago. By dint of their labour, integrity, business instincts, efficiency and easy accessibility they have built up a big banking business in the State without any monetary or other help either from the Government or the people of Mysore. Till the Bank of Mysore was started about 25 years ago, the Sind Shikarpuri community was practically the only agency financing the trade, commerce and industry of the State on a large scale. The Sind Shikarpuri Community may well claim to be the pioneers of the Banking business in Mysore. In fact they may be said to have laid the foundation of Banking business in the State. Though their main spheres of activity are in the two principal cities of Bangalore and Mysore, yet their operations extend to many other urban and rural areas in the State as well. In spite of the recent growth of Joint Stock and Co-operative Banks, the Sind Shikarpuri Bankers continue to occupy their position of service and usefulness in the economic structure of the State.

2. **Extent of Business**:—The Sindh Shikarpuri Bankers' Association consists of Members whose business is exclusively that of Banking. They finance trade and industry rather than consumption. They have made a very substantial contribution to the development of the trade and industry of the State. In spite of the credit facilities afforded by the net work of Co-operative and Joint Stock Banks that has in recent years sprung up in the State, a very large section of the commercial community still requires the services of the Sind Shikarpuri Bankers. In fact many prefer to deal with a Sind Shikarpuri Banker rather than with a Bank because the former does not require a security and is more easily and speedily accessible. It may be

stated that the investments of the Sind Shikarpuri Bankers in Mysore approximate to about a crore of rupees which clearly indicates the very useful, prominent and necessary part which the Sindh Shikarpuri Bankers are playing in the economic life of the State. Each of the members of the Association has a turnover, every quarter, of many lakhs of rupees.

3. **Nature of business** :— *The modus operandi* of the Sind Shikarpuri Bankers is two-fold; firstly, they advance moneys on what are called hundies or usance Bills. These Bills are generally drawn for 60 to 90 days and are payable on due dates. These bills are negotiated (discounted) by the Sindh Shikarpuri Bankers either with one or the other of the many Joint Stock Banks in the country with whom they have got bill discounting facilities, or they are discounted with members of their own community in their native place, Shikarpur Sindh, or elsewhere. Secondly, they advance moneys on Khata system which corresponds very nearly to the overdrafts in current accounts in the Banks. These loans are generally repaid according to the mutual convenience of the parties concerned. Rarely are any loans advanced on any tangible securities. The Sindh Shikarpuri Banker prefers to rely on the security afforded by the solvency, integrity, character and paying nature of the business of his clients.

4. **Statewide Operations** :— Unlike the operations of several Co-operative and Joint Stock concerns, the operations of the Sindh Shikarpuri Bankers are not confined to any particular area or class of traders. From their bases of operation in the two principal cities of the State, the Sindh Shikarpuri Bankers have penetrated into the interior parts of the whole of the State. Thus the trade and industry of both the urban and rural areas are being very largely financed by these bankers whose agents periodically visit many places in the interior. In fact it would not be quite accurate to refer to the members of the Sindh Shikarpuri Bankers' Association as moneylenders of the class contemplated in the statement of objects and reasons of this Bill.

5. **Simple Systems** :— To use the words of the Report of the Indian Central Banking Enquiry Committee 1931 (page 98),

the Sindh Shikarpuri "Banker's operations are not attended with formalities and delays. His accounts are kept in a simple and economical way but are accurate and efficient. He is easily and always accessible".

6. Favourable Interest Rates:—The Sindh Shikarpuri Bankers' rates of interest compare very favourably with those of ordinary Joint Stock Banks.

7. Vital and Necessary Factor:—The Sindh Shikarpuri Banker occupies a very vital position in the Banking System of the State. The anxiety displayed by the Government in the statement of objects and reasons for bringing forward the present piece of legislation "to see that the Bill does not unnecessarily harass moneylenders and restrict facilities for credit" encourages us in the hope that the Bill if passed into Law, will not be made applicable to this class of Moneylenders. In the face of the foresight that this anxiety reveals, it is not for us to suggest that any compulsion brought upon the class of Bankers that the Sindh Shikarpuri Banker represents will result in the process of driving them out of Banking proper to other spheres of business, thus creating a void in the economic system of the country which would be extremely difficult to fill and detrimental to the national interests.

8. Bill Proper:—Coming to the Bill proper it is seen from the Statement of Objects and Reasons that the Bill has been prompted mainly on account of the existence of certain defects in the business of moneylending as carried on by certain classes of moneylenders. It is alleged that (1) regular accounts are not ordinarily kept and receipts are not sometimes given for money paid by the debtors, (2) the interest charged is high.

To protect the many ignorant and illiterate debtors, therefore, the help of legislature is sought, to control such moneylenders by (1) requiring the moneylenders to register themselves and obtain licenses, (2) by fixing the maximum rates of interest that courts may allow, (3) by requiring proper maintenance of accounts and giving opportunities to the debtors to ascertain periodically the state of their accounts.

9. **Inapplicable to us:**—When we take the liberty of expressing our views on the Bill or of pointing out some of its objectionable features, we may not be understood as opposing any legislation intended to remedy the above defects. We must, however, say that the nature and the method of the business of the Sindh Shikarpuri Bankers do not justify the Bill being so comprehensive and general as to include them within its compass. A closer examination of the working of these Bankers will reveal that none of the allegations mentioned above apply to them.

The transactions and dealings of the Sindh Shikarpuri Bankers have always been with persons who are not only literate but who are an intelligent class of merchants and businessmen, well acquainted with the nature of their transactions and having wide and abundant knowledge and experience of human affairs. They are persons who do possess notions of their rights and of ordinary law, and who can never be victims of fraud and deceit by their creditors. We shall not be overstating our case by saying that there has not been any such instance or complaint during all this period.

10. **Our Rates of Interest:**—It is a matter of common knowledge that the members of this Association lend monies at competitive and attractive rates of interest. The rates officially prescribed by the Association are

7½ and 9 per cent per annum on hundies "

9 and 10½ per cent per annum on Khata accounts.

In some cases these rates go so low as 6 per cent per annum also. By far the largest percentage of the business of the members of this Association is done on these officially prescribed rates of interest. It will be seen that these rates are lower than those proposed in the Bill. It may be repeated in this connection that the business of the members of this Association is done almost entirely on personal credit of the borrowers, with all its consequences and attendant risks. In fixing our rates we are solely guided by the principle that the prosperity and well being of the lender and the borrower are interdependent.

12. Factors Controlling Interest:—We have no objection to the rates of interest as fixed in the Bill under the conditions as at present obtaining in the money market. But we deem it necessary to state that the rate of interest in the bazaar is controlled, among other things, by the official rate of the Reserve Bank as also by the rates paid by the Government of India on their Treasury Bills. It will be remembered that there have been occasions when the Government of India have paid as much as 9 percent to 10 percent on their Treasury Bills and when the official rate of the Imperial Bank of India has been 9 percent. We therefore suggest that no maximum interest should be prescribed as is done in this Bill because the existing Laws are sufficient to meet the intentions of the Government so far as this particular point of interest is concerned. But if it is considered absolutely necessary to fix maximum rates for the guidance of the Courts, then it is suggested that the Government should make proper provisions in the Bill for meeting contingencies like the above as and when they arise without any further reference to the Legislative Council, if necessary.

12. Accounts :—The accounts maintained by the Sindh Shikarpuri Bankers are very clearly, correctly and efficiently kept. It is also the practice that in addition to the regular books of accounts separate books are maintained one for each borrower wherein the borrower makes entries in his own handwriting of all monies received and paid by him and affixes his signature to every such transaction. In the case of Hundies or On Demand Pronotes whenever amounts are paid in full settlement of these the relative documents are returned to the executants duly discharged. In case part payments are made against such documents, such payments are generally entered on the back of the documents by the debtors or separate receipts are given by the creditors. Receipts are given to the borrowers for amounts paid by them and statements of accounts furnished, when demanded.

13. The large number of our customers and the great volume of our business are by themselves the best proofs of our honest and straightforward dealings with our clients.

PARTICULAR PROVISIONS OF THE BILL.

14. **Definition:**—The definition of Moneylender is very comprehensive and includes concerns like the Imperial Bank or the Bank of Mysore. It does not seem to us that it could be the intention of the framers of this Bill to apply it to concerns like these. We beg to submit that in essential and material respects our concerns are not very much different from these Banks. So far as the provisions of this Bill are concerned we cannot be classed as moneylenders pure and simple any more than we can call the Imperial Bank of India or the Bank of Mysore as moneylenders.

15. **Registration:**— (Secs. 3 to 6) The provision as to registration is neither useful nor is it practicable. We do not find in the Bill any reason for enforcing registration. It is not clear what evil registration can remedy. Evils such as have been outlined are sought to be remedied by appropriate penalties by a Court of law. The provision as to registration is a needless superfluity. The very existence of such a statutory provision will engender apprehensions in the minds of certain classes of lenders and recourse will be had to prevent disclosure. The penalties attached to non-registration are themselves a sufficient inducement to maintain secrecy, in cases where accounts cannot be maintained. We shall not be considering a hypothetical instance if we cite the instance of 'widows' who lend moneys (vide page 72-Chap. VII of the Report of the Indian Central Banking Enquiry Committee.)

An illiterate, ignorant widow who lends out moneys cannot be expected to check the actions and accounts maintained by her clerk, but she would be liable to the penalties under the law, for infraction of the rules. Compulsory registration will result in making private capital shy. It is therefore not worth while having a statutory provision with a costly machinery to work it, so long as the results to be achieved are comparatively small and unprofitable. The expense is unwarranted. It is useful to note in this connection that the Indian Banking Enquiry Committee rejected the idea of registration. (Vide P. 90 of the Report). They said:—"We

are therefore not in favour of the proposal to introduce a system of licensing moneylenders either compulsorily or voluntarily."

The Province of the Punjab which was the first to legislate on the subject of the Bill did not provide for registration in the "Punjab Regulation of Accounts Act" and the attempt of the Government of Madras in this direction met with such a strong opposition that it had to abandon the idea altogether and drop it (Vide the Madras Debtors' Protection Act No. VII of 1935.) Experience of 8 years' working of the Punjab Act does not appear to have necessitated any change. We are therefore of opinion that registration or licensing should not be required in any form.

16. License:—The provision to take out a license is keenly felt as derogatory to our self-respect and it ought not to be introduced. This provision is not in existence anywhere in India whether in a British Province or in a Native State.

17. Language and form in which accounts have to be kept:—(Sec. 9) We have no hesitation in saying that this provision is a practical impossibility. It opens out avenues for fraud and deceit. We cannot be compelled to maintain our accounts in a language unknown or in a form not familiar to us, because we have no means of guaranteeing correctness while we have not the capacity to control or check the accounts. It would not be just to make us answerable for faults of our clerks on whom we would have to depend. We do not feel the need for this either, as we have always been furnishing English translations of the entries whenever any transaction goes before a Court of Law. Moreover if we are required to keep our books in a language other than our own, it will increase our expenses. Our ability to offer low rates of interest very much depends upon our ability to carry on our business economically. As our dealings extend to lakhs of rupees every month, it would be to our disadvantage to allow our accounts to be kept by others without our being able to check them. Ordinarily the Sindhi members of our firms do not either know English or Kanarese scripts.

18. Granting of Receipts :—(Sec. 10) The provision in the Bill relating to granting of receipts is extremely severe and unconscionable. Clause 10 of the Bill provides that it shall be obligatory upon the moneylender to give a receipt for the amount paid. The Bill does not say whether the receipt is necessary when the amount paid is in excess of anything and, as it is, even for one rupee paid it is obligatory to pass a receipt. The penalty for failure to pass a receipt is provided under Secs. 19 and 20. Clause 19 (1) provides that if there is any contravention of the provisions of the Act, license can be suspended for such time as the Court thinks fit or even cancelled. Clause 20 of the Bill provides for a fine upto Rs. 200/- and for a second or subsequent offence for imprisonment of either description for a term not exceeding one month or with fine upto Rs. 500/- or both. In addition to that the moneylender will have his registration and license cancelled. One has to envisage an unscrupulous borrower to appreciate the hardship of this provision. Even in a case where the receipt is actually passed, if the borrower denies that such a thing was given to him and if by any chance his story is believed, the unfortunate lender will have his doors closed immediately and for a subsequent offence will run the risk of imprisonment. The language used in clauses 19 and 20 are so wide and so severe that it will place every moneylender at the mercy of the borrower on every occasion moneys are received. In fact a similar provision was sought to be introduced in the Madras Act. The Select Committee pointed out that such a provision was unnecessary and would work hardship and in the Bill as finally passed, the penal provisions were removed and one of the penalties substituted was that so far as default continued on the part of the moneylender in not granting the receipt when asked for, he shall not be entitled to claim interest for the period of the default. Surely this is not a matter which has been overlooked by the General Law. Under Sec. 30 of the Indian Stamp Act, there is a provision relating to the granting of receipts for sums of over Rs. 20/- and all that is required to be done is that when a demand is made by the person paying, the receipt should be given. Sec. 65 of the

Act which deals with the penalty, provides that if a person being required under Sec. 30 to give a receipt refuses or neglects to give the same he shall be punishable with fine which may tend to one hundred rupees. It is not suggested that the general provisions are either inadequate or have not met with the requirements of the suitation.

19. Confirmation of Statement of Account:—We consider that Sec. 11 (2) places the creditors under a disadvantage; it must be left to the Courts to draw such inference as is proper under the circumstances of each case.

20. Inspection by Registrars:—(Sec. 13) It is very obligatory on the part of a Banker to maintain absolute secrecy with regard to the transactions of his constituents. This secrecy cannot be guaranteed or secured by this provision. On the contrary it is a provision compelling disclosure of personal affairs. There are several borrowers who for reasons of their own, do not like to have their transactions published, and in so far as secrecy thereof is not safeguarded or protected, they would drop off from such lenders and try to deal with those who can evade the law and maintain secrecy. All attempts will be made to violate the law and it will be a fruitless search for the Government to find out such lenders. This provision may result in manipulations of accounts to avoid disclosure of the real nature of the transactions. This provision will lead to harassment and is likely also to induce corruption among subordinates as also to illegitimate disclosure of the Bankers' accounts and dealings to his competitors. Such a privilege was denied very recently to the Income-tax Officers in the Central Legislative Assembly during discussions on the Indian Incometax Bill. The requirement of clause (2) of Sec. 13 that a moneylender shall be bound to produce all books of accounts for inspection, completely ignores all realities. If a moneylender has been carrying on business, say for 25 years, he is bound, according to this section, the moment the Registrar or his subordinate calls upon him to produce his books of accounts for all the 25 years and in default face the penalties provided in the Bill. In the case of

the members of the Sindh Shikarpuri Bankers' Association who are generally in the habit of sending their books to their Head Offices as soon as they are closed, this provision will work a great hardship.

21. Penalties :— (Sec. 19) The penalties for breach of the rules are so very severe that they by themselves will discourage persons continuing to do the business of moneylending. Far from encouraging the business and exacting obedience to the rules, they will have the opposite effect of moneylenders withdrawing from their business and taking to other pursuits. It is easy to imagine the adverse effects that this will produce on the economic life of the people. Money Market will be unnecessarily stiffened and stifled. It is our earnest appeal that nothing should be done to reduce the number of Bankers. On the contrary every facility should be afforded for obtaining credit for legitimate trade and other purposes. It will be a lamentable result if monies are not lent out freely for purposes of trade and industry but are hoarded without putting them to any use.

22. Miscellaneous :—(Sec. 21) Clause 5 is not definite regarding the particulars that would be required in the application for registration, nor is clause 7 definite with regard to the form in which and the conditions on which licenses will be issued. Generally speaking it is submitted that the Government may be required under the Bill, to publish the rules proposed by them in the above matters, and invite objections from those concerned before making them final.

23. Supplementary Memorandum :—We shall submit a supplementary memorandum on Chapter IV on "Provisions relating to suits in respect of loans" particularly clauses 15 and 17.

BANGALORE CITY, }
18th January 1939 }

MANGOOMAL LUNIDASINGH,
President.
The Sind Shikarpur Bankers' Association.
Bangalore and Mysore.

Legis $\frac{4570}{P}$ 638

Memorandum submitted to The Government of His Highness the
Maharaja of Mysore on the Moneylenders Bill by the members
of the Sindh-Shikarpur Bankers' Association, Bangalore and
Mysore.

18-1-39

History: 1. The Multani Community, as the Sind Shikarpuri Bankers' Community is popularly known in these parts, started their Banking operations in this state over 75 years ago. By dint of their labour, integrity, business instincts, efficiency and easy accessibility they have built up a big banking business in the State without any monetary or other help either from the Government or the people of Mysore. Till the Bank of Mysore was started about 25 years ago, the Sind Shikarpuri community was practically the only agency financing the trade, commerce and industry of the State on a large scale. The Sind Shikarpuri Community may well claim to be the pioneers of the Banking Business in Mysore. In fact they ~~may~~ may be said to have laid the foundation of banking business in the State. Though their main spheres of activity are in the two principal Cities of Bangalore and Mysore, yet their operations extend to many other urban and rural areas in the State as well. In spite of the recent growth of Joint Stock and Co-operative Banks the Sind Shikarpuri Bankers continue to occupy their position of service and usefulness in the economic structure of the State.

2. The Sind Shikarpuri Bankers' Association consists of Members whose business is exclusively that of Banking. They finance Trade and Industry rather than consumption. They have made a very substantial contribution to the development of the trade and industry of the State. In spite of the credit facilities afforded by the net work of Co-operative and Joint Stock Banks that has in recent years

sprung up in the State a very large section of the commercial community still requires the services of the Sindh Shikarpuri Bankers. In fact many prefer to deal with the Sindh Shikarpuri Banker rather than with a Bank because the former does not require a security and is more easily and speedily accessible. It may be stated that the investments of the Sindh Shikarpuri Bankers in Mysore approximate to about a crore of rupees which clearly indicates the very useful, prominent and necessary part which the Sindh Shikarpuri Bankers are playing in the economic life of the State. Each of the members of the Association has a turnover, every quarter, of many lakhs of rupees.

3. Nature of business: The modus operandi of the Sindh Shikarpuri Bankers is two fold; firstly they advance moneys on what are called hundies or usance Bills. These Bills are generally drawn for 60 to 90 days and are payable on due dates. These Bills are negotiated (discounted) by the Sindh Shikarpuri Bankers either with one or the other of the many Joint Stock Banks in the country with whom they have got bill discounting facilities, or they are discounted with members of their own community in their native place, Shikarpur Sindh, or elsewhere. Secondly they advance moneys on Khatha System which corresponds very nearly to the overdrafts in current accounts in the Banks. These loans are generally repaid according to the mutual convenience of the parties concerned. Rarely are any loans advanced on any tangible securities. The Sindh Shikarpuri Bankers prefer to rely on the security afforded by the solvency, integrity, character and paying nature of the business of his clients.

4. Unlike the operations of several Co-operative and Joint Stock concerns, the operations of the Sindh

Shikarpuri

Shikarpuri Bankers are not confined to any particular area or class of traders. From their bases of operation in the two principal cities of the State, the Sindh Shikarpuri Bankers have penetrated into the interior parts of the whole of the State. Thus the trade and industry of both the urban and rural areas is being very largely financed by these bankers whose agents periodically visit many places in the interior. In fact it would not be quite accurate to refer to the members of the Sindh Shikarpuri Bankers' Association as moneylenders of the class contemplated in the statement of objects and reasons of this Bill.

5. To use the words of the Report of the Indian Central Banking Enquiry Committee 1931 (page 98), the Sindh Shikarpuri "Bankers' operations are not attended with formalities and delays. His accounts are kept in a simple and economical way but are accurate and efficient. He is easily and always accessible".

6. The ~~Mutual~~ Sindh Shikarpuri Bankers' rates of interest compare very favourably with those of ordinary Joint Stock Banks.

7. The Sindh Shikarpuri Banker occupies a very vital position in the Banking System of the State. The anxiety displayed by the Government in the statement of objects and reasons for bringing forward the present piece of legislation "to see that the Bill does not unnecessarily harass moneylenders and restrict facilities for credit" encourages us in the hope that the Bill if passed into Law, will not be made applicable to this class of Moneylenders. In the face of the foresight that this anxiety reveals, it is not for us to suggest that any compulsion brought upon the class of Bankers that the Sindh Shikarpuri Banker represents will result in the ~~process~~ of driving him out

of Banking proper to other spheres of business, thus creating a void in the economic system of the Country which would be extremely difficult to fill and detrimental to the national interests.

8. Coming to the Bill proper it is seen from the Statement of objects and reasons that the Bill has been prompted mainly on account of the existence of certain defects in the Business of moneylending as carried on by certain classes of moneylenders. It is alleged that (1) regular accounts are not ordinarily kept and receipts ~~are~~ are not sometimes given for money paid by the debtors, (2) the interest charged is high.

To protect the many ignorant and illiterate debtors, therefore, the help of legislature is sought, to control such moneylenders by (1) requiring the moneylenders to register themselves and obtain licenses, (2) by fixing the maximum rates of interest that courts may allow, (3) by requiring proper maintenance of accounts and giving opportunities to the debtors to ascertain periodically the state of their accounts.

9. When we take the liberty of expressing our views on the Bill or of pointing out some of its objectionable features, we may not be understood as opposing any legislation intended to remedy the above defects. We must, however, say that the nature and the method of the business of the Sindh Shikarpuri Bankers do not justify the Bill being so comprehensive and general as to include them within its compass. A closer examination of the working of these Bankers will reveal that none of the allegations mentioned above apply to them.

10. In the first place the transactions and dealings

of the Sindh Shikarpuri Bankers have always been with persons who are not only literate but who are an intelligent class of merchants and businessmen, well acquainted with the nature of their transactions and having wide and abundant knowledge and experience of human affairs. They are persons who do possess notions of their rights and of ordinary law, and who can never be victims of fraud and deceit by their creditors. We shall not be over stating our case by saying that there has not been any such instance or complaint during all this period.

11. Interest: It is a matter of common knowledge that the members of this Association lend monies at competitive and attractive rates of interest. The rates officially prescribed by the Association are

7½% and 9% per annum on hundies

9% and 10½% per annum on khatha accounts.

In some cases these rates go so low as 6% per annum also. By far the largest percentage of the business of the members of this Association is done on these officially prescribed rates of interest. It will be seen that these rates are lower than those proposed in the Bill. It may be repeated in this connection that the business of the members of this Association is done almost entirely on personal credit of the borrowers, with all its consequent and attendant risks. In fixing our rates we are solely guided by the principle that the prosperity and well-being of the lender and the borrower are interdependent.

12. We have no objection to the rates of interest as fixed in the Bill under the conditions as at present obtaining in the money market. But we deem it necessary to state that the rates of interest in the Bazaar are controlled by the official rates of the Reserve Bank as also

(by

by the rates paid by the Government of India on their Treasury Bills. It will be remembered that there have been occasions when the Government of India have paid as much as 9% to 10% on their Treasury Bills and when the Official Rate of the Imperial Bank of India has been 9%. We therefore suggest that no maximum interest should be prescribed as is done in this Bill because the existing Laws are sufficient to meet the intentions of the Government so far as this particular point of interest is concerned. But ^{if} it is considered absolutely necessary to fix a maximum rate for the guidance of the Courts, then it is suggested that the Government should make proper provisions in the Bill for meeting contingencies like the above as and when they arise without any further reference to the Legislative Council, if necessary.

13. Accounts: The accounts maintained by the Sindh Shikarpuri Bankers are very clearly, correctly and efficiently kept. It is also the practice that in addition to the regular books of accounts separate books are maintained one for each borrower wherein the borrower makes entries in his own handwriting of all monies received and paid by him and affixes his signature to every such transactions. In the case of Hundies or On Demand Promissory notes whenever amounts are paid in full settlement of these, the relative documents are returned to the executors fully discharged. In case part payments are made against such documents, such payments are generally entered on the back of the documents by the debtors or separate receipts are given by the creditors. Receipts are given to the borrowers for amounts paid by them and statements of accounts furnished, when demanded.

14. The large number of our customers and the great volume of our business are by themselves the best proofs of our honest and straightforward dealings with our clients.

~~15x~~ Particular provisions of the Bill.

15. Definition: The definition of Moneylender is very comprehensive and includes concerns like the Imperial Bank or the Bank of Mysore. It does not seem to us that it could be the intention of the framers of this Bill to apply it to concerns like these. We beg to submit that in essential and material respects our concerns are not very much different from these Banks. So far as the provisions of this Bill are concerned we cannot be classed as money-lenders pure and simple any more than we can call the Imperial Bank of India or the Bank of Mysore as moneylenders.

16. Registrations: (Secs. 3 to 6) The provision as to registration is neither useful nor is it practicable. We do not find in the Bill any reason for enforcing registration. It is not clear what evil registration can remedy. Evils such as have been outlined are sought to be remedied by appropriate penalties by a Court of Law. The provision as to registration is a needless superfluity. The very existence of such a statutory provision will engender apprehensions in the minds of certain classes of lenders and recourse will be had to prevent disclosure. The penalties attached to non-registration are themselves a sufficient inducement to maintain secrecy, in cases where accounts cannot be maintained. We shall not be considering a hypothetical instance if we cite the instance of 'widows' who lend moneys (vide page 72 - Chap.VII of the Report of the Indian Central Banking Enquiry Committee).

~~17x~~ 17. An illiterate, ignorant widow who lends out moneys cannot be expected to check the actions and accounts maintained by her clerk, but she would be liable to the penalties under the law, for infraction of the rules. Compulsory registration will result in making private capital shy. It is therefore not worth while having a
statutory

statutory provision with a costly machinery to work it, so long as the results to be achieved are comparatively small and unprofitable. The expense is unwarranted. It is useful to note in this connection that the Indian Banking Enquiry Committee rejected the idea of registration. (Vide P.90 of the Report). They said:- "We are therefore not in favour of the proposal to introduce a system of licensing money-lenders either compulsorily or voluntarily."

18. The Province of Punjab which was the first to legislate on the subject of the Bill did not provide for registration in the "Punjab Regulation of Accounts Act" and the attempt of the Government of Madras in this direction met with such a strong opposition that it had to abandon the idea altogether and drop it (Vide the Madras Debtors Protection Act No.VII of 1935). Experience of 8 years working of the Punjab Act does not appear to have necessitated any change. We are therefore of opinion that registration or licensing should not be required in any form.

19. The provision to take out a license is keenly felt as derogatory to our self respect and it ought not to be introduced. This provision is not in existence anywhere in India whether in a British Province or in a Native State.

20. Language and form in which accounts have to be kept: (Sec.9) We have no hesitation in saying that this provision is a practical impossibility. It opens out avenues for fraud and deceit. We cannot be compelled to maintain our accounts in a language unknown or in a form not familiar to us, because we have no means of guaranteeing correctness while we have not the capacity to control or check the accounts. It would not be just to make us answerable for faults of our clerks on whom we would have

to depend. We do not feel the need for this either, as we have always been furnishing English translations of the entries whenever any transaction goes before a Court of Law. Moreover if we are required to keep our Books in a language other than our own, it will increase our expenses. Our ability to offer low rates of interest very much depends upon our ability to carry on our business economically. As our dealings extend to lakhs of rupees every month, it would be to our disadvantage to allow our accounts to be kept by others without our being able to check them ^{ordinarily} ~~having~~ the Sindhi members of our firms do not either know English or Kanarese scripts.

21. Granting of Receipts (Sec.10) The provision in the Bill relating to granting of receipts are extremely severe and unconscionable. Clause 10 of the Bill provides that it shall be obligatory upon the moneylender to give a receipt for the amount paid. The Bill does not say whether the receipt is necessary when the amount ~~is~~ paid is in excess of anything and as it is even ~~every~~ ^{for} one rupee paid it is obligatory to pass a receipt. The penalty for failure to pass a receipt is provided under Secs. 19 and 20. Clause 19 (1) provides that if there is any contravention of the provisions of the Act license can be suspended for such time as the Court thinks fit or even cancelled. Clause 20 of the Bill provides for a fine ~~Rs.200/-~~ upto Rs.200/- and, for a second or subsequent offence for imprisonment of either description for a term not exceeding one month or with fine upto Rs.500/- or both. In addition to that the moneylender will have his registration and license cancelled. One has to envisage an unscrupulous borrower to appreciate the hardship of this provision. Even in a case where the receipt is actually passed, if the borrower denies that such a thing was given to him and if by any chance his story is believed, the unfortunate lender will

have his doors closed immediately and for a subsequent offence will run the risk of imprisonment. The language used in clauses 19 and 20 are so wide and so severe that it will place every moneylender at the mercy of the borrower on every occasion moneys are received. In fact a similar provision was sought to be introduced in the Madras Act. The Select Committee ~~again~~ pointed out that such a provision was unnecessary and would work hardship and in the Bill as finally passed, the penal provisions were removed and one of the penalties substituted was that so far as default continued on the part of the moneylender in not granting the receipt when asked for he shall not be entitled to claim interest for the period of the default. Surely this is not a matter which has been overlooked by the General Law. Under Sec. 30 of the Indian Stamp Act, there is a provision relating to the granting of receipts for sums of over Rs.20/- and all ~~that is required~~ that is required to be done is that when a demand is made by the person paying, the receipt should be given. Sec. 65 of the Act which deals with the penalty, provides that if a person being required under Sec. 30 to give a receipt refuses or neglects to give the same he shall be punishable with fine ~~xxxx~~ which may tend to one hundred rupees. It is not suggested that the general provisions are either inadequate or has not met with the requirements of the situation.

22. We consider that Sec. 11 (2) places the creditors under a disadvantage; it must be left to the Courts to draw such inference as is proper under the circumstances of each case.

23. Inspection by Registrars (Sec.13) It is very obligatory on the part of a Banker to maintain absolute secrecy with regard to the transactions of his constituents. This secrecy cannot be guaranteed or secured by this provision

provision. On the contrary it is a provision compelling disclosure of personal affairs. There are several borrowers who for reasons of their own, do not like to have their transactions published, and in so far as secrecy thereof is not safeguarded or protected, they would drop off from such lenders and try to deal with those who can evade the law and maintain ~~the~~ secrecy. All attempts will be made to violate the law and it will be a fruitless search for the Government to find out such lenders. This provision may result in manipulations of accounts to avoid disclosure of the real nature of the transactions. This provision will lead to harassment and is likely also to induce corruption among subordinates as also to illegitimate disclosure of the Banker's accounts and dealings to his competitors. Such a privilege was denied very recently to ~~the~~ the Incometax Officers in the Central Legislative Assembly during discussions on the Indian Incometax Bill. The requirements of clause (2) of Sec. 13 that a moneylender shall be bound to produce all books of accounts for inspection, completely ignores all realities. If a moneylender has been carrying on business, say for 25 years, he is bound, according to this section, the moment the Registrar or his subordinate calls upon him to produce his books of accounts for all the 25 years and in default face the penalties provided in the Bill. In the case of the members of the Sindh Shikarpuri Bankers' Association who are generally in the habit of sending their books to their Head Offices as soon as they are closed, this provision will work a great hardship.

24. Penalties (Sec.19) The penalties for breach of the rules are so very severe that they by themselves will discourage persons ^{continuing} ~~continuing~~ to do the business of moneylending. Far from encouraging the business and exacting obedience to the rules, they will have the opposite

effect of moneylenders withdrawing from their business and taking to their pursuits. It is easy to imagine the adverse effects that this will produce on the economic life of the people. Money market will be unnecessarily stiffened and stifled. It is our earnest appeal that nothing should be done to reduce the number of Bankers. On the contrary every facility should be afforded for obtaining credits for legitimate trade and other purposes. It will be a lamentable result if monies are not lent out freely for purposes of trade and industry but are hoarded without putting them to any use.

25. Miscellaneous (Sec.21) Clause 5 is not definite regarding the particulars that would be required in the application for registration, nor is clause 7 definite with regard to the form in which and the conditions on which licenses will be issued. Generally speaking it is submitted that the Government may be required under the Bill, to publish the rules proposed by them in the above matters, and invite objection from those concerned before making them final.

Very truly yours
Sd. Mangoomal Lunidasingh

President.

Bangalore City)
D/- 18th Jany. 1939)

The Sindh Shikarpur Bankers'
Association.

MEMORANDUM SUBMITTED TO THE GOVERNMENT OF H. H. THE

MAHARAJA OF MYSORE, IN THE LEGISLATIVE DEPARTMENT,

by Multani Money-lenders of Bangalore City and Mysore, *Chamappa*

1. On behalf of the large class of (middle class) Multani money lenders of Mysore State and particularly of Bangalore and Mysore Cities, we the undersigned, members of a Joint Committee appointed at Public Meeting of the above mentioned Money lenders held at Bangalore on the 8th inst. and at Mysore on the 10th inst, submit this memorandum, pointing out the very serious difficulties, inconvenience and loss, which are likely to result to the money lenders as a class, and to us particularly if the Bill which has been published in the Mysore Gazette on the 22nd December 1938 is passed into law particularly in its present form.

2. We submit that the Bill is entirely unnecessary. The various pieces of legislation which are already in force in Mysore, such as, the Usurious Loans act, the Agriculturists' Relief Act and the Debt Conciliation Act, the new amendments to the Civil Procedure Code, are more than sufficient to afford every kind of relief to all classes of debtors. There is provision in these acts for reducing rates of interest, re-opening and examining accounts from the commencement of the transaction and the taking of accounts after calculating a lower rate of interest from the beginning of the transaction, (so that even interest that has been paid already and appropriated would be re-opened), granting of instalments, exemption from arrears, attachment and sale of immoveable properties belonging to the agriculturists, exemption from attachment of lower official salaries and scaling down of debts etc.

3. The present Bill, if it is passed, would merely operate most harshly against the money lenders as a class without in any way adding materially to the reliefs, which the debtors are already enjoying. The form in which it is brought is also open to very serious objections, which we beg leave to place before the Government.

4. In general, the Bill is extremely vague and indefinite and would afford enormous scope for harassment of the money lenders. The Bill provides enormous powers under the rule making provisions. It is submitted that to leave all the most cardinal and vital matters such as terms of registration, licensing etc., to be decided by and left open to be changed by rules by executive authority is not in consonance with the accepted principle that legislation must be precise and must be passed in the legislature after full discussion and that the legislature must take the full responsibility for all the complications and results of the Bill. It is respectfully suggested that the bill and the rules to be framed thereunder and the forms ought to be circulated widely and the views and opinions of bankers, money-lenders and commercial people sought or taken before placing the same before the Legislature.

5. It must be recognised that "Money" is such is not an evil. It has been and is responsible for the development of commerce and industry and is necessary as much to the agriculturist as to the trader and the wage earner. And ordinary banks have not and will never be able to fill the place of the ordinary money lenders, who get into closer and more human touch with the debtors, can appreciate their difficulties, lend with sympathy, often

often times taking great risks of losing the money. They very often remit quite substantial sums, if the debtor falls on evil days but is honest, and bonafide. They are the mainstay of the small retail trader and petty merchant, assisting him frequently with capital for his trade and thereby aiding and encouraging business and industrial enterprise.

6. We, Miltanies, as a class are so law abiding and loyal honest citizens of the State as any other class of persons carrying on other professions and we submit that there is absolutely no justification for a piece of legislation like the present in which the whole class of money lenders are treated almost on a par with criminal tribes, necessitating registration, licensing, inspections of and interference in their private dealings and transactions. The Bill is too one sided and gives no corresponding rights or show the least sympathy to the money lenders. The Government have been pleased to state in their statement of objects and reasons for bringing forward this present legislation that they are anxious to see that the Bill does not unnecessarily harass money lenders, we would therefore appeal to Government that we the Miltani Money Lenders, who have built up a widespread fabric of Banking business may be exempted from the operation of the bill, even if it is ultimately passed into law. We desire to bring also its most objectionable features to the notice of Government, so that they may be omitted or corrected. We submit that credit is a delicate organism and if the Miltani money lenders are scared out of the field and take to other business it will create a real void in the scheme of supply of credit and finance and will act as a great damper of trade and commerce. There has been no such widespread clamour in the Mysore State as to render necessary a very

very drastic piece of legislation like the present one and both the creditor, while pressing his claims and the local courts, while enforcing them have always been much more sympathetic to the debtors than in some other neighbouring provinces.

7. Coming to particular provisions of the proposed
Bill:--

Re: Sections 3 to 8 Registration and Licencing of Money Lenders."--The prescribed form is not published with the Bill and it is not known what is the nature of the information which will be called for and noted in the said Register. It is not also clear from the Regulation whether even persons who casually lend small sums or Banks like the Mysore bank, Imperial Bank and co-operative Banks would come under the scope of the Bill. We learn that this idea of Registration and Licensing has never found favour elsewhere and has been given up after discussion in British Indian Provinces where such a bill as the present one was attempted to be introduced as being entirely useless and being unnecessarily harsh (Vide page 90 of the Report of the Indian Banking Enquiries Committee's Report.) There seems to be absolutely no object or use or advantage to - - anybody by such registration and licensing while they merely harass in the money lenders.

There is no reason at all why the duration of such registration, even if it is felt necessary, should be only for three years. It might at least be made for life, as, otherwise, it will be a source of constant and recurring worry, trouble and expense to renew the registration and licenses.

This system of taking out annual licenses "in such form and subject to such conditions as may be prescribed" in

is very vague and is particularly humiliating to and would afford plenty of scope for harassment of the money lender. We are already paying profession taxes, income-tax and other direct and indirect taxes and this will add a further burden.

The proposal for the taking out of licenses every year is perhaps the most objectionable feature of the Bill and we earnestly pray it may be omitted. It would ultimately place the money lenders absolutely and periodically at the mercy of potty subordinate officials and mischivous debtors. What the conditions would be and how they may be changed also are not stated. It is not even provided whether if the license once granted is cancelled the money lender can recover what he has advanced already. This last is mentioned as an example to show how indefinite the Bill is.

8. REGULATION OF ACCOUNTS.

While conceding that regular accounts should be maintained by money lenders which all of us are already doing, it is submitted that the prescription of form, language, script and numerals, is unduly interfering with and taking away the ordinary liberty of the individual. It would add materially to our expenses by having to engage clerks. At present we mostly write our own accounts and if the rate of interest is also to be reduced there will be no margin for such extra expenses. Moreover, the memorialists here-in may not know the script, as a matter of fact practically none of them know any script other than their own, in which the accounts are directed to be maintained with the result that they would be entirely at the mercy of their own clerks and would find it very difficult to maintain accounts or keep proper control over their own business. Moreover, there is no common language

language in force in the whole of Mysore and Canarese or English would not be understood also by Muslims and the Telugu and Tamil speaking people or money lenders. It is quite easy for the Government to appoint a few officials who know these few common languages to interpret and read and translate the accounts in courts. The creditors may therefore be left to keep accounts in any language, which they choose, but they may be directed to deliver statements of accounts to the debtors on demand in English or in Kanarese.. This will be fully sufficient to safeguard the debtors' interest. This is especially so in the case of us multani money lenders whose accounts and transactions have never been doubted or disregarded in any civil or criminal court and which have acquired a most enviable reputation for honesty and integrity. Whenever required, we always give receipts for every payment made by the debtor and any legislation for that purpose is quite superfluous and can easily be abused by a debtor who may dishonestly deny the receiving of such receipts itself.

9. Inspection.

The right of general inspection by the Registrar without any cause or complaint from any body is much too wide and quite unnecessary and most undesirable. There will be no privacy for the transactions either for the creditor or the debtor and this may have very far reaching consequences. The reference to "all books of accounts" is most indefinite and the Inspecting Officer may probably act as if he has a search warrant. Such inspections can also be very easily abused, by petty and subordinate officials, and business rivals of both creditor and debtor and by the debtors also.

10. Re: Provision relating to suits in respect of loans (Chapter VI)

The rates of interest mentioned in clauses 14 and 15 are much too low. It is well known that security of immovable properties are open to grave risks on account of their present low values and the complicated nature of the personal laws of the people, particularly in joint Hindu families, so that very often the accreditations are found to be valueless. In the case of unsecured loans, the creditor often takes a good deal of risk and on the average the interest realised hardly works out to anything like 8 or 9 per cent. In the very nature of our business, we lend always without any security and mainly on the personal credit of the borrower or his business. More often than not, he will have absolutely no other assets except his trade or other business venture which is usually a very uncertain and fluctuating factor. We very often lose even ~~unsecured~~ the principal itself and more often than not have to show considerable concessions to the debtor for ensuring prompt settlement. It ought to be left to the court in each case to fix the rate of interest, taking into account the circumstances, the solvency of the debtor, the security available to the creditor, payments of interest already made, the chances of recovery of the amounts etc. To lay down a hard and fast rule, fixing the rate of interest in all cases is open to very grave and serious difficulties to the creditor, particularly the honest money lender who keeps correct accounts and would seriously impair free flow of credit.

Ordinarily, comparatively small amounts are lent by our class of multani money lenders to persons, so that though the rate may even appear sometimes a little heavy, the actual amount of interest paid or realised by us is comparatively very little and the loans also do not run for a long time. We actually realise a much smaller fraction than is stipulated in the bond, giving the debtor the

the benefit of remissions. This is well pointed out in the Indian Banking Enquiries Committee's Report page 82 citing cases where the rates stipulated varyied from 18 to 37 per cent, but actual realisations were 2 to 16 per cent.

Therefore we submit that the maximum rates of interest should be fixed at least at Rs.1/- and 2/- per cent per ^{for secured and unsecured loans} menses respectively but the actual rate allowed must be left to the court to decide in each individual case.

Most of the memorialists herein and other money lenders borrow at 8½ from others and from Banks and other sources and the rates now fixed leave no margin for any profit or safety for bad debts.

11. Re: Penalties (Chapter V)

If provision is made for a court wherein a suit is brought in respect of a loan by a money lender and which finds that any of the provisions of this Act has not been fulfilled, to impose reasonable penalties, such as refusal of costs or a part of the interest etc., it would be quite sufficient and would meet fully the ends of justice and would guarantee the compliance of the provisions of the act by the money lenders, while giving them the benefit of a proper judicial disposal subject to correction by a higher court.

The penalties prescribed in the Bill are very serious, harsh and onerous. No appeal is provided against any of the orders by a court and even a most junior Munsiff may direct that license or registration of a money lender may be cancelled either permanently or for such period as he thinks fit, and can thus suddenly take away the bread and life occupation of any money lender, however long established he may have been and the latter would be left without any remedy. Moreover if a license is so cancelled in actual

actual practice the money lender will be unable to recover even what he has already advanced, as once the debtor knows his creditor has ceased to carry on a running business he will never even see the latter again to settle his previous accounts. The punishments mentioned in para 20 are too drastic and vague.

The Bill nowhere provides for any appeals or other remedies against the order of the Registrar or of the Court. It penalises the money lenders as a class and seeks to impose very onerous conditions on them.

12. Miscellaneous:--

Some time must be given for the persons carrying on money lending to decide if they will register themselves and if they do not they may be allowed to collect their old dues and wind up their business and for this purpose atleast to carry on business.

In conclusion we submit that the Act may be more appropriately termed "Regulation of Money Lending Act". The present name, it is submitted, sounds as if the whole class of money lenders are to be segregated and looked down upon with suspicion.

We fervently trust and hope that the Government will consider with sympathy all our representations in these matters.

For Multani Money lenders
of Bangalore City.
(Sd) Thakurdas.

For Multani Money lenders
of Mysore.
(Sd) Mulchand.
Representative.

Bangalore City.
Dated 12th January 1939.

I am authorized
Mulchand of Mys
for Srini Thakurdas
Choochamal
Multani Moneylender
old Siddhanta
Bangalore City P.T.O.

4706/P

TO

THE SECRETARY TO GOVERNMENT OF
HIS HIGHNESS THE MAHARAJA OF MYSORE,
LEGISLATIVE DEPARTMENT,
BANGALORE.

Sir,

We the undersigned representing about 100 Pathan money lenders carrying on money-lending business in Mysore State, desire to place before the Government, as per Memorandum annexed, our views and objection regarding the " Money Lenders' Bill " proposed to be enacted as law in Mysore.

We wish to make it clear that we are not opposed to the fundamental principles underlying the " Bill," but it is felt that there are some provisions which are undesirable as well as objectionable.

We therefore request that Government will give due consideration to the objections etc., urged in the Memorandum and hope that in the light of these objections the Bill will be suitably amended prior to its being placed before the Legislative Council.

We beg to remain,

Sir,

Yours faithfully,

(Id. Haji Yar Muhammad
Khan
Banker. Cottonpet

No. 23 Bangalore
24/1/39

[Signature]

[Signature] (Id. A. Khan
Id. Khan
Id. 1/2nd Mr.
Hankar
Id. 1/2nd Mr.
Hankar

For mutation money order
of Channapetia
Mathuradas

MEMORANDUM SUBMITTED BY THE PATHAN MONEY-LENDERS OF THE
STATE ON THE PROVISIONS OF THE MONEY-LENDERS BILL.

The objects and reasons stated in the Bill that is sought to be made Law in respect of controlling money - lenders can be better achieved by the deletion of its most stringent provisions and adding some which will be of real benefit to honest borrowers and smoothen the way to better and more harmonious relationship between the Lender and the Borrower. Some of the provisions of the present Bill are so drastic that other pieces of penal Legislation pale into insignificance. Further inroads are attempted to be made unnecessarily on established standard of jurisprudence and the Law of evidence in vogue. Some of the provisions of law are so very dangerous as to leave the money lenders especially those that are not conversant with the Language of the land to the tender mercy of the clerks or agents who will have to be necessarily employed to keep accounts in a language which these money lenders do not know and are incapable of learning; some of the portions of the Bill as framed which seem to go beyond the needs of the day are detailed hereunder.

REGISTRATION OF MONEY-LENDERS.

These provisions have been found impossible of accomplishment in other parts of India; some Provincial Governments who sought to ameliorate the condition of the poor and illiterate debtors on legislative interference have deliberately omitted these clauses relating to registration.

Further how such a kind of registration and licensing as at present contemplated helps the debtor is not quite clear. It is certain that the object of these sections can very well be achieved with the aid of other provisions in the Bill. When the Madras Debtors Protection Act was introduced in the Legislature in the Bill Form this Provision was found, but after deep deliberation the same was removed before it emerged out in the form of an Act. The Indian Central Banking enquiry committee in submitting their recommendations to the Government of India have unequivocally condemned such a provision as being injurious to the healthy development of indigenous Banking which is very meagre and hopelessly inadequate to meet the needs of the vast Indian population. Mysore can on no account be said to have adequate Banking facilities. Even the few sources through which such facilities are available are sought to be choked and in the absence of better and more suitable Banking agencies, the very cause of the poor, the needy and the distressed will suffer by default. Further, this enforced registration while it imposes a severe obligation on the money lenders does not confer on them any corresponding right and this seems to be very inequitable. These memorialists submit that Registration and Licensing are wholly -- unnecessary.

REGARDING CHAPTER 3 KEEPING OF ACCOUNTS.

To compell a man to keep accounts in a language which he is incapable of understanding is against all canons of justice, equity and good conscience, more especially so when the punishment is so very drastic. He will perforce be left to the tender mercies of the clerk who more often than not cannot resist the

the temptation of making illegal gains to himself by clever maneuvering in a language which he is sure his master cannot understand and therefore unable to detect. It is impossible for the Pathan Money Lenders to learn either English, Kanarese or Urdu. They are familiar with " Pisthu " which is their mother-tongue and they can only keep their accounts if at all in this language. It is then only that they can be held responsible for the correctness of the accounts. If any other language is prescribed then they will be exposed to the tender mercies of the ill paid clerks whose services they will have to engage to do their business. The Pathan will thus be sitting on a veritable magazine of gun power and will be in constant dread of being blown over at any time. Further the powers given to the Registrar or Inspectors deputed by him to check the accounts are too very wide and novel and not in vogue anywhere else. When the power and authority to cancel the license is vested in a Court of Law, it is not understandable why this fresh element in the shape of an Inspectorate should be introduced. Transactions of private people should be private unless either the creditor or the debtor invites a court of law to look into the same for properly adjudicating on matters of dispute. When every debtor is entitled by law to have a correct statement of accounts and by law the creditor is bound to give the same to him, this seems to be a sufficient guarantee that everything would be alright. If a Court of Law finds that he has not complied with this, he can certainly be dealt with according to Law by the said tribunal.

REGARDING CHAPTER IV.

It is a well known thing that the Pathan Money

Money lenders even as some of the professional money lender, and who have come from outside, do advance loans to and come to the aid of those that offer no securities and have next to nothing to fall back upon for repaying their just dues. In a majority of cases the debtors will have recourse to the insolvency courts and get an easy adjudication in which event neither the capital nor the interest much less the costs incurred in the legal processes can be recovered from them.

Further, the amounts borrowed of the Pathan Money lenders are very small and the repayment of the same is spread over a considerable length of time and that too in dribblets. If a servant is engaged to collect these small dribblets, it will be found that his charges may amount to thrice the amount lent or ten times the amount realisable by way of interest. With small capital, often times borrowed from others, money lending is carried on with a clientele who will have exhausted all the other sources of credit. Under such circumstances it is more a gamble, risking such advances than any business for the chances of collection are few and far between. The minimum interest of 12 per cent as suggested is grossly inadequate to compensate his troubles and not at all commensurate with the risk involved. In addition, maintenance of a clerical establishment to keep the books in order will be a heavy drain on their slender resources or returns. Even as it is the business is not remunerative and one cannot expect to get bare maintenance for all the trouble he takes from morning till late in the evening. What with enactments like the Insolvency Act, Agriculturists' Relief Act, Debt Relief Act, Usurious Loans Act and the like this new burden will virtually be the last piece of straw on the Camels' back to break his neck.

Further, when it is borne in mind that there is no limit imposed on the enormous gains made by monopolistic trades, industries and such other profiteering avocations, the limit that is now sought to be imposed on the money lender is inexplicable. If it is the intention of the legislature that it is only the landed the propertied and the monied classes that are entitled to borrow monies or to be accommodated in times of dire need then those unfortunates who happen to overwhelm them in number, will be denied the meagre aid they are now getting from the money lenders and the Law will sanctify such denial of assistance and consequential misery.

These memorialists therefore submit--

1. That the existing laws of the land are sufficient to safe-guard the interests of an honest borrower.

2. That even if any piece of legislation is necessary, then

- a) Registration and licensing are unnecessary and serve no purpose;

- b) There should be no limit imposed on the interest stipulated; the existing usurious Loans Act, Contract Act and the discretion vested in the Judge under the code of Civil procedure are sufficient.

- c) There should be no compulsion in regard to the language in which the accounts are to be maintained.

- d) Inspection of Accounts by Inspectors and subordinate staff other than by a Court of Law or a Commissioner appointed by a Court of Law is unnecessary and leads to unnecessary complications.

If however, the Legislature insists on this Bill becoming Law without the amendments suggested as above and the Government of His Highness the Maharaja of Mysore acquiesce in the same then these Memorialists humbly submit that they be exempt from the operation of the present Bill at least for a period of eight years within which period they might be enabled to collect all their dues and leave for their homes. They further pray that necessary rules be framed to exempt them from the harsh provisions of the already existing laws during that period such as "Freedom from arrest," payment by -- instalments and such other provision in the C. P. Code so as to facilitate early collection. If the underlying idea behind this legislation is to get rid of foreign money lenders, ~~they~~ they pray that their amount sunk in the country be repaid and they are prepared to leave the Country.

Bangalore 4/-

24/1/39.

١٠٠٠ (Id. Akbar Ali Khan).

١٠٠٠ (Id. Ismail Khan) (Id. Haji gar Muhammad Khan).

١٠٠٠ (Id. Abdul Wahab Khan).

١٠٠٠ Id. Ismail Khan.

١٠٠٠ (Id. Fayaz Muhammad).

عبدالله خان
ولی سلطان

نور محمد سلطان
بید آدم سنا

سید بیاض محمد

سلطان

سید خواجه

سید محمد خان
سید محمد خان

حاج محمد خان

شاه غازی خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

سلطان محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

محمد خان

الحمد لله رب العالمين

المنشأنا

سيد علي محمد

آغا محمد خان

سيد محمد علي

سيد محمد علي

عبد الله خان

محمد علي خان

محمد علي خان

محمد علي

محمد علي

محمد علي

محمد علي

محمد علي

Aga madkhan

محمد علي

محمد علي

محمد علي

محمد علي

محمد علي

محمد علي

محمد علي

دين محمد خان

عبد الكريم خان

عبد الله خان

محمد علي خان

MEMORANDUM SUBMITTED BY THE PATHAN
MONEY LENDERS OF THE STATE ON THE
PROVISIONS OF THE MONEY LENDERS
BILL.

Submitted

THE SECRETARY TO GOVERNMENT OF
HIS HIGHNESS THE MAHARAJA
OF MYSORE,
LEGISLATIVE DEPARTMENT,
B E N G A L O R E.

D. 1211/K.C.

**THE SIND SHIKARPUR BANKERS' ASSOCIATION,
BANGALORE AND MYSORE**

OFFICE OF THE SECRETARY
24 JAN. 1939

REPRESENTATIVE ASSEMBLY
AND
LEGISLATIVE COUNCIL

The Secretary,
Mysore Legislative Council,
BANGALORE.

Bangalore City,

25th January 1939.

Dear Sir,

I herewith send you copy of a Memorandum submitted by the Sind Shikarpur Bankers' Association, Bangalore and Mysore, to the Government of His Highness the Maharaja of Mysore on the Moneylenders' Bill for your kind perusal and valuable support.

Yours faithfully,

Mangoomal Lunidasingh
(Sd.) Mangoomal Lunidasingh,
President.

P.S. I am sending you this printed copy of the Memorandum in substitution of the typed

Memorandum submitted to the Government of His Highness the Maharaja of Mysore on the Moneylenders Bill by the members of the Sindh-Shikarpur Bankers' Association, Bangalore and Mysore.

History: 1. The Multani Community, as the Sind Shikarpuri Bankers' Community is popularly known in these parts, started their Banking operations in this ~~State~~ over 75 years ago. By dint of their labour, integrity, business instincts, efficiency and easy accessibility they have built up a big banking business in the State without any monetary or other help either from the Government or the people of Mysore. Till the Bank of Mysore was started about 25 years ago, the Sind Shikarpuri community was practically the only agency financing the trade, commerce and industry of the State on a large scale. The Sind Shikarpuri Community may well claim to be the pioneers of the banking business in Mysore. In fact they may be said to have laid the foundation of banking business in the State. Though their main spheres of activity are in the two principal Cities of Bangalore and Mysore, yet their operations extend to many other urban and rural areas in the State as well. In spite of the recent growth of Joint Stock and Co-operative Banks the Sind Shikarpuri Bankers continue to occupy their position of service and usefulness in the economic structure of the State.

2. The Sind Shikarpuri Bankers' Association consists of Members whose business is exclusively that of Banking. They finance Trade and Industry rather than consumption. They have made a very substantial contribution to the development of the trade and industry of the State. In spite of the credit facilities afforded by the net work of co-operative and Joint Stock Banks that has in recent years

sprung

sprung up in the State a very large section of the commercial community still requires the services of the Sindh Shikarpuri Bankers. In fact many prefer to deal with the Sindh Shikarpuri Banker rather than with a Bank because the former does not require a security and is more easily and speedily accessible. It may be stated that the investments of the Sindh Shikarpuri Bankers in Mysore approximate to about a crore of rupees which clearly indicates the very useful, prominent and necessary part which the Sindh Shikarpuri Bankers are playing in the economic life of the State. Each of the members of the Association has a turnover, every quarter, of many lakhs of rupees.

3. Nature of business: The modus operandi of the Sindh Shikarpuri Bankers is two fold; firstly they advance moneys on what are called hundies or usance Bills. These Bills are generally drawn for 60 to 90 days and are payable on due dates. These bills are negotiated (discounted) by the Sindh Shikarpuri Bankers either with one or the other of the many Joint Stock Banks in the country with whom they have got bill discounting facilities, or they are discounted with members of their own community in their native place, Shikarpur Sindh, or elsewhere. Secondly they advance moneys on Khatha System which corresponds very nearly to the overdrafts in current accounts in the Banks. These loans are generally repaid according to the mutual convenience of the parties concerned. Rarely are any loans advanced on any tangible securities. The Sindh Shikarpuri Bankers prefer to rely on the security afforded by the solvency, integrity, character and paying nature of the business of his clients.

4. Unlike the operations of several Co-operative and Joint Stock concerns, the operations of the Sindh

Shikarpuri

Shikarpuri Bankers are not confined to any particular area or class of traders. From their bases of operation in the two principal cities of the State, the Sindh Shikarpuri Bankers have penetrated into the interior parts of the whole of the State. Thus the trade and industry of both the urban and rural areas is being very largely financed by these bankers whose agents periodically visit many places in the interior. In fact it would not be quite accurate to refer to the members of the Sindh Shikarpuri Bankers' Association as moneylenders of the class contemplated in the statement of objects and reasons of this Bill.

5. To use the words of the Report of the Indian Central Banking Enquiry Committee 1931 (page 98), the Sindh Shikarpuri "Bankers' operations are not attended with formalities and delays. His accounts are kept in a simple and economical way but are accurate and efficient. He is easily and always accessible".

6. The Sindh Shikarpuri Bankers' rates of interest compare very favourably with those of ordinary Joint Stock Banks.

7. The Sindh Shikarpuri Banker occupies a very vital position in the Banking System of the State. The anxiety displayed by the Government in the statement of objects and reasons for bringing forward the present piece of legislation "to see that the Bill does not unnecessarily harass moneylenders and restrict facilities for credit" encourages us in the hope that the Bill if passed into Law, will not be made applicable to this class of Moneylenders. In the face of the foresight that this anxiety reveals, it is not for us to suggest that any compulsion brought upon the class of Bankers that the Sindh Shikarpuri Banker represents will result in the process of driving him out

or banking proper to other spheres of business, thus creating a void in the economic system of the Country which would be extremely difficult to fill and detrimental to the national interests.

8. Coming to the Bill proper it is seen from the Statement of objects and reasons that the Bill has been prompted mainly on account of the existence of certain defects in the Business of moneylending as carried on by certain classes of moneylenders. It is alleged that (1) regular accounts are not ordinarily kept and receipts are not sometimes given for money paid by the debtors, (2) the interest charged is high.

To protect the many ignorant and illiterate debtors, therefore, the help of legislature is sought, to control such moneylenders by (1) requiring the moneylenders to register themselves and obtain licenses, (2) by fixing the maximum rates of interest that courts may allow, (3) by requiring proper maintenance of accounts and giving opportunities to the debtors to ascertain periodically the state of their accounts.

9. When we take the liberty of expressing our views on the Bill or of pointing out some of its objectionable features we may not be understood as opposing any legislation intended to remedy the above defects. We must, however, say that the nature and the method of the business of the Sindh Shikarpuri Bankers do not justify the Bill being so comprehensive and general as to include them within its compass. A closer examination of the working of these Bankers will reveal that none of the allegations mentioned above apply to them.

10. In the first place the transactions and dealings
of

of the Sindh Shikarpuri Bankers have always been with persons who are not only literate but who are an intelligent class of merchants and businessmen, well acquainted with the nature of their transactions and having wide and abundant knowledge and experience of human affairs. They are persons who do possess notions of their rights and of ordinary law, and who can never be victims of fraud and deceit by their creditors. We shall not be over stating our case by saying that there has not been any such instance or complaint during all this period.

11. Interest: It is a matter of common knowledge that the members of this Association lend monies at competitive and attractive rates of interest. The rates officially prescribed by the Association are

7½% and 9% per annum on hundies

9% and 10½% per annum on khatha accounts.

In some cases these rates go so low as 6% per annum also. By far the largest percentage of the business of the members of this Association is done on these officially prescribed rates of interest. It will be seen that these rates are lower than those proposed in the Bill. It may be repeated in this connection that the business of the members of this Association is done almost entirely on personal credit of the borrowers, with all its consequences and attendant risks. In fixing our rates we are solely guided by the principle that the prosperity and well-being of the lender and the borrower are interdependent.

12. We have no objection to the rates of interest as fixed in the Bill under the conditions as at present obtaining in the money market. But we deem it necessary to state that the rates of interest in the Bazaar are controlled ^{on many other things.} by the official rates of the Reserve Bank as also

by

by the rates paid by the Government of India on their Treasury Bills. It will be remembered that there have been occasions when the Government of India have paid as much as 9% to 10% on their Treasury Bills and when the Official Rate of the Imperial Bank of India has been 9%. We therefore suggest that no maximum interest should be prescribed as is done in this Bill because the existing Laws are sufficient to meet the intentions of the Government so far as this particular point of interest is concerned. But if it is considered absolutely necessary to fix a maximum rate for the guidance of the Courts, then it is suggested that the Government should make proper provisions in the Bill for meeting contingencies like the above as and when they arise without any further reference to the Legislative Council, if necessary.

13. Accounts: The Accounts maintained by the Sindh Shikarpuri Bankers are very clearly, correctly and efficiently kept. It is also the practice that in addition to the regular books of accounts separate books are maintained one for each borrower wherein the borrower makes entries in his own handwriting of all monies received and paid by him and affixes his signature to every such transactions. In the case of Hundies or On Demand ~~Promissory~~ ^{notes} ~~notes~~ whenever amounts are paid in full settlement of these, the relative documents are returned to the executors fully discharged. In case part payments are made against such documents, such payments are generally entered on the back of the documents by the debtors or separate receipts are given by the creditors. Receipts are given to the borrowers for amounts paid by them and statements of accounts furnished, when demanded.

14. The large number of our customers and the great volume of our business are by themselves the best proofs of our honest and straightforward dealings with our clients.

Particular provisions of the Bill

15. Definition: The definition of Money lender is very comprehensive and includes concerns like the Imperial Bank or the Bank of Mysore. It does not seem to us that it could be the intention of the framers of this Bill to apply it to concerns like these. We beg to submit that in essential and material respects our concerns are not very much different from these Banks. So far as the provisions of this Bill are concerned we cannot be classed as money-lenders pure and simple any more than we can call the Imperial Bank of India or the Bank of Mysore as money lenders.

16. Registrations: (Secs. 3 to 6) The provision as to registration is neither useful nor is it practicable. We do not find in the Bill any reason for enforcing registration. It is not clear what evil registration can remedy.

Evils such as have been outlined are sought to be remedied by the appropriate penalties by a Court of Law. The provision as to registration is a needless superfluity. The very existence of such a statutory provision will engender apprehensions in the minds of certain classes of lenders and re-course will be had to prevent disclosure. The penalties attached to non-registration are themselves a sufficient inducement to maintain secrecy, in cases where accounts cannot be maintained. We shall not be considering a hypothetical instance if we cite the instance of 'widows' who lend moneys (vide page 72 - Chap.VII of the Report of the Indian Central Banking Enquiry Committee).

17. An illiterate, ignorant widow lends out moneys cannot be expected to check the actions and accounts maintained by her clerk, but she would be liable to the penalties under the law, for infraction of the rules. Compulsory registration will result in making private capital shy. It is ~~therefore not~~ therefore not worth while having a statutory

statutory provision with a costly machinery to work it, so long as the results to be achieved are comparatively small and unprofitable. The expense is unwarranted. It is useful to note in this connection that the Indian Banking Enquiry Committee rejected the idea of registration. (Vide P.90 of the Report.) They said:- " We are therefore not in favour of the proposal to introduce a system of licensing money-lenders either compulsorily or voluntarily."

18. The province of Punjab which was the first to legislate on the subject of the Bill did not provide for registration in the "Punjab Regulation of Accounts Act" and the attempt of the Government of Madras in this direction met with such a strong opposition that it had to abandon the idea altogether and drop it (Vide the Madras Debtors Protection Act No.VII of 1935). Experience of 8 years working of the Punjab Act does not appear to have necessitated any change. We are therefore of opinion that registration or licensing should not be required in any form.

19. The provision to take out a license is keenly felt as derogatory to our self respect and it ought not to be introduced. This provision is not in existence anywhere in India whether in a British Province or in a Native State.

20. Language and form in which accounts have to be kept: (Sec.9) We have no hesitation in saying that this provision is a practical impossibility. It opens out avenues for fraud and deceit. We cannot be compelled to maintain our accounts in a language unknown or in a form not familiar to us, because we have no means of guaranteeing correctness while we have not the capacity to control or check the accounts. It would not be just to make us answerable for faults of our clerks on whom we would have

to depend. We do not feel the need for this either, as we have always been furnishing English translations of the entries whenever any transaction goes before a Court of Law. Moreover if we are required to keep our Books in a language other than our own, it will increase our expenses. Our ability to offer low rates of interest very much depends upon our ability to carry on our business economically as our dealings extend to lakhs of rupees every month, it would be to our disadvantage to allow our accounts to be kept by others without our being able to check them. Ordinarily the Sindhi members of our firms do not either know English or Kanārese scripts.

21. Granting of receipts (Sec. 10) The provision in the Bill relating to granting of receipts are extremely severe and unconscionable. Clause 10 of the Bill provides that it shall be obligatory upon the moneylender to give a receipt for the amount paid. The bill does not say whether the receipt is necessary when the amount paid is in excess of anything and as it is even for one rupee paid it is obligatory to pass a receipt. The penalty for failure to pass a receipt is provided under Secs. 19 and 20. Clause 19 (1) provides that if there is any contravention of the provisions of the Act license can be suspended for such time as the court thinks fit or even cancelled. Clause 20 of the Bill provides for a fine up to Rs.200/- and for a second or subsequent offence for imprisonment of either description for a term not exceeding one month or with fine up to Rs.500/- or both. In addition to that the moneylender will have his registration and license cancelled. One has to envisage an unscrupulous borrower to appreciate the hardship of this provision. Even in a case where the receipt is actually passed, if the borrower denies that such a thing was given to him and if by any chance his story is believed, the unfortunate lender will

have his doors closed immediately and for a subsequent offence will run the risk of imprisonment. The language used in clauses 19 or 20 are so wide and so severe that it will place every moneylender at the mercy of the borrower on every occasion moneys are received. In fact a similar provision was sought to be introduced in the Madras Act. The Select Committee pointed out that such a provision was unnecessary and would work hardship and in the Bill as finally passed, the penal provisions were removed and one of the penalties substituted was that so far as default continued on the part of the moneylender in not granting the receipt when asked for he shall not be entitled to claim interest for the period of the default. Surely this is not a matter which has been overlooked by the General Law. Under Sec. 30 of the Indian Stamp Act, there is a provision relating to the granting of receipts for sums of over Rs.20/- and all that is required to be done is that when a demand is made by the person paying, the receipt should be given. Sec. 65 of the Act which deals with the penalty, provides that if a person being required under Sec. 30 to give a receipt refuses or neglects to give the same he shall be punishable with fine which may extend to one hundred rupees. It is not suggested that the general provisions are either inadequate or has not met with the requirements of the situation.

22. We consider that Sec. 11 (2) places the creditors under a disadvantage; it must be left to the Courts to draw such ⁱⁿreference as is proper under the circumstances of each case.

23. Inspection by Registrars (Sec. 13) It is very obligatory on the part of a Banker to maintain absolute secrecy with regard to the transactions of his constituents. This secrecy cannot be guaranteed or secured by this provision

provision. On the contrary it is a provision compelling disclosure of personal affairs. There are several borrowers who for reasons of their own, do not like to have their transactions published, and in so far as secrecy thereof is not safeguarded or protected, they would drop off from such lenders and try to deal with those who can evade the law and maintain secrecy. All attempts will be made to violate the law and it will be a fruitless search for the Government to find out such lenders. This provision may result in manipulations of accounts to avoid disclosure of the real nature of the transactions. This provision will lead to harassment and is likely also to induce corruption among subordinates as also to illegitimate disclosure of the Banker's accounts and dealings to his competitors. Such a privilege was denied very recently to the Incometax Officers in the Central Legislative Assembly during discussions on the Indian Incometax Bill. The requirement of clause (2) of Sec. 13 that a moneylender shall be bound to produce all books of accounts for inspection, completely ignores all realities. If a moneylender has been carrying on business, say for 25 years, he is bound, according to this section, the moment the Registrar or his subordinate calls upon him to produce his books of accounts for all the 25 years and in default face the penalties provided in the Bill. In the case of the members of the Sindh Sikarpuri Bankers' Association who are generally in the habit of sending their books to their Head Offices as soon as they are closed, this provision will work a great hardship.

24, Penalties (Sec.19) The penalties for breach of the rules are so very severe that they by themselves will discourage persons continuing to do the business of moneylending. Far from encouraging the business and exacting obedience to the rules, they will have the opposite

effect of moneylenders withdrawing from their business and taking to ~~their~~^{their own} pursuits. It is easy to imagine the adverse effects that this will produce on the economic life of the people. Money market will be unnecessarily stiffened and stifled. It is our earnest appeal that nothing should be done to reduce the number of Bankers. On the contrary every facility should be afforded for obtaining credits for legitimate trade and other purposes. It will be a lamentable result if monies are not lent out freely for purposes of trade and industry but are hoarded without putting them to any use.

25. Miscellaneous (Sec.21) Clause 5 is not definite regarding the particulars that would be required in the application for registration, nor is clause 7 definite with regard to the form in which and the conditions on which licenses will be issued. Generally speaking it is submitted that the Government may be required under the Bill, to publish the rules proposed by them in the above matters, and invite objection from those concerned before making them final.

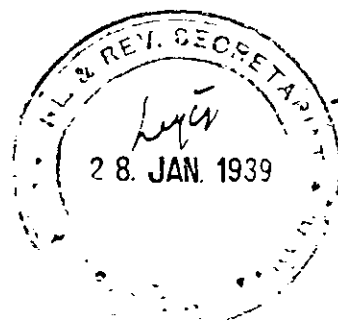
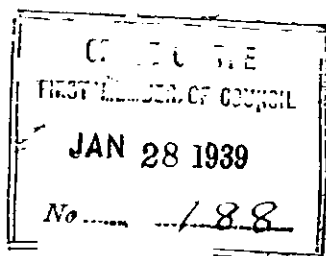
x *by 2 ang huse 2 ang huse ang huse
oo 2 ang huse ang huse*

Sd. Mangoomal Lunidasing

President.

The Sindh Shikarpur Bankers
Association.

Bangalore City)
D/- 18th Jany. 1939)



*See letter to
Hon. Secy. to the Govt.
27/1/39*

Bangalore City,
26th Jan. 1939.

Dear Sir,

You see
I am enclosing herewith a copy of my observations in connection with the Money Lenders' Bill which is now before the Legislative Council. I shall thank you very much if you can kindly spare a few minutes to go through the same and oblige.

Yours faithfully,

V. N. Chaudhri

THE MONEY LENDERS' BILL IN MYSORE

Various provincial Governments in India have been for some time past enacting legislation to relieve the peasantry of its burdens and miseries. The majority of the populace of India is dependent on agriculture. They are steeped in debt and this indebtedness has been one of the main causes of their misery and the loss of their purchasing power. Unless the purchasing power of these huge millions is ^{raised} ~~increased~~, trade and commerce can never develop and consequently industries can never rise. Unless the country is sufficiently industrialised the various problems facing us, such as unemployment and poverty can never be solved.

The method of exploiting the masses of India in the post-war period could not be the same as in the pre-war period. From keeping India as a source of raw material and a market for its manufactured goods, British Imperialism was forced to change its policy in the direction of the development of certain industries in this country. And if this policy is to succeed, the problem of solving the question of raising the purchasing power of the huge millions became a matter of vital necessity. Various commissions and committees were set up to make the necessary recommendations and one and all of them have recommended in common the removal of credit disabilities, which is one of the main causes for the poverty of the people of India.

The Money Lenders' Bill in Mysore which is on the anvil of legislation is one such. No doubt, as the statement of objects and reasons gives out, the bill does not unnecessarily harass the money lenders. But this does not do much good to the peasantry and the huge masses of people at large. It may try "to protect the ignorant debtors against fraud and extortion" but it does not go far.

The bill is at best a negative aspect of the solution of the problem. But unless the positive aspect is touched and the State comes forward boldly with it, it cannot even touch the fringe of the problem. So the need of the hour is not merely doing something in the negative direction but actively attending to the positive needs also. One is useless without the other. The destructive and the constructive are but the compliments of one another. Hence both the aspects are essential for the solution of the great problem facing us.

Before proceeding to the positive aspect let us study the Money Lenders Bill as drafted by the Government and see what particular changes have to be effected in order that the bill may serve the purpose for which it was

it was intended.

RECOMMENDATIONS

1. Section 9 of the draft bill requires records of transactions to be kept in a prescribed manner. It does not say how long the records are to be kept and how and when they can be disposed off. It is necessary for the correct information of the courts that these records be preserved for a period of at least ten years. Any body who is conversant with the business of money lenders will not fail to recognise this need.

The Money lender advances money, say in Jan. 1939 at the rate of 12% on unsecured loans according to the provisions of ~~the Act~~ sec. 14. He will manipulate another ~~account~~ fresh account in Jan. 1940. The principle in the account will be the sum lent in 1939 plus the interest thereon. In this way the principle debited to the borrowers' account in three years' time will work out at 171%. By manipulating fresh accounts each year the money lender will be enabled to evade the provisions of sec. 15 which lays down the rate of interest at 6% only when the terms of contract are for the payment of compound interest. If the account for a number of years are to be produced before a court, the court will be enabled to discover the fraud and punish the offender.

2. Sec. 14 ~~lays down~~ empowers the fixation of the rate of interest at 9% on secured and 12% on unsecured loans. The rate of interest is sufficiently high. Keeping the economic condition of the people in view it will be advisable to reduce it to 6% ~~and~~ in the former case and 7½% in the latter. Even this will work out to be 3 to 4% higher than the bank rate.

3. Sec. 19 lays down certain penalties. The court is given the discretion to fix the period of suspension ~~not exceeding three years~~ of the license. The minimum period has to be fixed. Although fixing the period of suspension to a minimum of three years appears a heavy penalty, it is not sufficiently heavy keeping in view the possibilities of the money lender to defraud the ignorant borrowers.

For the contravention of the provisions of this Act, it is necessary to enhance the punishment to a higher amount. If the money lender on being disqualified carries on the trade in the names of others he shall be liable to a punishment which shall extend to Rs. 2,000.

The punishment also under sec. 20 for the contravention of the provisions of the Act shall not be less than Rs. 500 in the first instance and Rs. 1,000 for subsequent offences.

4. Besides these changes in the bill further provisions have to be effected in order to prevent the following practices of the money lenders:-

a. At the time of advancing money the money lender charges on the borrower between 2 to 5% in the name of charities, clerical expenses etc. ;

b. In order to evade the provisions of law the money lender keeps in his records the normal rate of interest, say 12%, while he will have enhanced the sum lent in the accounts. For example, he lends at 24% interest which is forbidden. Although the sum lent is only Rs. 100/-, he will take a bond for Rs. 200/-, so that he will get the interest he desires. This is not merely evading the law but makes the borrower a slave to the lender in as much as any act on the part of the borrower offensive to the lender, the former will be proceeded against for double the sum ~~lent~~ that was actually borrowed. This is highly detrimental to the interests of the ignorant borrowers.

c. In the case of ~~the~~ loans where the contract is for ~~the~~ payment by instalments, at the time of advancing money the interest on the whole amount as well as the first instalment is deducted from the sum lent, so much so the actual interest charged becomes exorbitant.

d. The village money lender is also the trader. His influence as the money lender he uses while purchasing the marketable produce of the borrower. As a result the borrower will always be at a disadvantage and the lender at an advantage. This activity of the money lender must be made penal.

e. The money lender advances a particular sum of money and at the end of a few years he will force the peasant to alienate his lands to him. This practice has deprived the peasantry during the last thirty years of much of their lands. Provision must be made in the bill to put an end to this.

f. The market price of the goods at the harvest period will be naturally low. The sawcars coerce the borrowers at that period and take away the goods at a very low price. All facilities must be provided to see that the agriculturist gets a fair selling price for his produce.

g. The hundi system in the cities must be controlled by the banks. The rate of interest charged by the broker must be mentioned in the hundi. The banks discount these bills at the rate of 3 to 3½% and the broker charges anywhere between 12 to 24%. Unless this is checked by suitable legislation the small traders in the cities will be ruined by Marwari and Multani bankers.

This Act should come into force throughout the State with retrospective effect in cases pending discharge in courts or from the

period of its announcement in October 1938.

The effects of the Bill

The rural indebtedness in Mysore State about the year 1930 was estimated by competent authorities to be between 30 and 35 crores. Due to the world economic crisis and the consequent impoverisation of the masses this indebtedness might have mounted to a still higher figure. But for purposes of our calculations we may take it roughly at 30 crores.

The interest charged had varied between 12 and 24%. Calculating on 15 crores at 12%, on 10 at 18% and on 5 at 24%, the annual interest charges on the peasantry amounts to 4.8 crores. Besides this interest the agriculturist has to show concessions to the sawcar in all their transactions. Although some say that these concessions work out to more than the interest charges we can safely take that they equal each other. This is not in the nature of things unnatural. At this rate the annual tribute that the peasantry pays to the sawcars in Mysore State roughly works out to 9.6 crores.

The Act, if given effect to in the proper spirit, will go a long way in reducing this huge tribute. Even if the interest on secured loans be fixed at 9% and that on unsecured at 12%, taking 15 crores under each head, the total interest to be paid will amount to 3.2 crores, thus reducing the original sum by 1.6 crores. Besides, the enactment of this legislation will have signal effect on the illegal exactions that the sawcars make from the peasantry. Although the illegal exactions will not be put an end to completely, at least it will be reduced to half its original extent. Thereby the peasantry will be saved of nearly 2 crores. So the ~~net~~ total savings to the peasantry will ~~an~~ amount to about 4.5 crores. This evidently means that the purchasing power of the people can be raised by an approximately equal amount and trade and industry will develop in an equal proportion, thereby helping the solution of our problems to some extent.

All this is so far as can be said about the usefulness of the ~~negative~~ negative aspect. But the main problem and the most important one will be the positive or the constructive aspect of it.

The constructive aspect

The money lenders' bill is only the negative aspect or the destructive side. It checks the havoc wrought by the money lenders but it does not put an end to it. At the same time it dislocates credit to some extent. Due to the terrible economic crisis the credit in rural parts is already

already impaired. This adds to it.

The most important help that any government can render to the peasantry is providing cheap credit. Providing cheap credit is the constructive aspect. When credit is checked from one side and it does not come from the other, it will work disastrously on the agriculturists.

The agriculturists need credit most when the harvest is approaching or it has begun. That is the period when most of his obligations have to be met. The government gives the greatest help when it tackles this problem.

The total marketable or the marketing produce of the agriculturists in Mysore State comes to about 10 crores, working at an average of 8 times the land revenue. The peasantry will require advances against crops or against the sale of their produce. The average need at that period may come to about 10 per cent of their produce. That means advancing about a crore of rupees during the season/ and that too for a period of three to six months.

Sales co-operative societies

That means the Government will have not only to encourage sales co-operative societies to help the peasantry during the period, but take initiative for starting these societies by finding the required funds for it. It is necessary to encourage the agriculturists to keep the produce till the market rates will be favourable to them and will bring them a fair return. This means that all the encumbrances on them must be removed.

Firstly, the village sawcar must be removed from the field of credit operations and secondly, he should not have any function in the marketing of the produce. The society must be the sole agency through which all the marketing activities must take place.

Elimination of the money lenders

As has already been said in the previous para, elimination of the money lenders becomes a matter of necessity.. How is that to be done? is the greatest of the problems that will crop up before the Government.

Moratorium must be declared for a period of at least five years. During this period the necessary enquiry into the indebtedness of the peasantry must be held to see how much is to be reasonably paid off and if the ryot has the capacity to pay that amount. Wherever the interest already paid has exceeded the principle and the debts are unconscionable and beyond the capacity of the peasantry to pay must be liquidated.

The total rural indebtedness approximates to about 30 crores as has already been said. If a proper enquiry into the real state of affairs is held, it will be found that not more than 40 per cent is justly due from the peasantry. That is the general experience. In the State of Bhavnagar such an enquiry was held and it was found that 40% was rightly due to the sawcars. The remaining 60% was written off. The State took up the burden of that debt and is now recovering that. Recovery of that debt can be effected and apped up only when cheap credit facilities are offered to the peasantry after this liquidation in view of their utter pauperisation at the present moment.

The dues to the money lenders may be taken up as a State loan and considered as Government securities carrying a low rate of interest. Then the private money lenders will cease to play any part in the life of the village.

Coming to the facts of the situation, of the 30 crores the just dues may not exceed 10 to 12 crores. The State can easily take up this debt and pay interest at 3 to 3½%. It can also collect interest from the peasantry at 5% along with small annual instalments to clear up their debts. This is the only way to clear up the burden on the peasantry and increase their purchasing power and thereby stimulate trade and industry.

A rough estimate of the whole transaction may be given here. The figures are not meant to be exact and correct. But they will provide a rough idea of the situation.

1. a. The interest on 12 crores that is justly due to the money lenders and will have to be paid by the borrowers at 5% per annum Rs. Rs. 60 lakhs
 - b. Interest to be paid to the money lenders at 3½% after taking over the debt as Government securities..... 42 "
 - c. Profit to the Government which will have to be used on clerical charges etc. 18 "
 2. a. Total markettable produce from the peasantry is about Rs. 10 crore s
 - b. Credit facility at 10% on this amounts to 1 crore
 - c. Interest on this at 5% for 3 to 6 months..... 2.5 lakhs
- The total interests charges on the peasantry will come to approximately 62.5 "
- The present interest charges on 30 crores and all illegal actions of the sawcars will amounts to 9.2 crores
- After passing of this bill it will come to 5 "
- annual savings to the agriculturists as per (a) will be 8.5 crores
as per (b). " 4.4 "

Even if 50 lakhs of this savings goes towards liquidating the principle the purchasing power of the people will rise by at least about 4 crores.

It is evident from this that unless the Government tackle by legislation the negative as well as the positive aspects of the problem, not much will come out of the bill. The Government will be well advised to launch boldly on this scheme and secure the lasting happiness of the people. We are not the only pioneers in the field. Let us learn from the mistakes of others and march ahead. And where there is a will there is a way.

SUBJECT

Diary No. of letter replied to.....

General and Revenue Secretariat

()

the 193

Date of issue..... 4/2/39

Signed by Mr. A.S.R

List of enclosures.....

Copied by

Examined by.....

Section

File No.

Serial No.

No. P 4200,

To

Mr. N. N. Chaudhary

Bangalore City.

Sir,

I am directed to acknowledge the receipt of your letter of the 26th Jan 39 to the Second Chamber of Council, enclosing a copy of your observations on the Mangalore Bill.

I have etc

Wg 30.1

For General Secretary to the Govt

All Communications to be addressed
TO THE MANAGER

Telegraphic Address: "MYSOREBANK"

THE BANK OF MYSORE, Ltd.

P.O. BOX No. 37

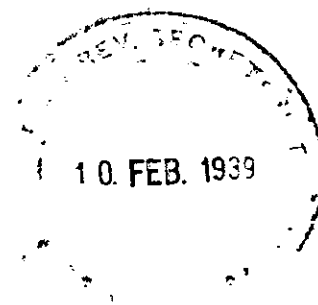
5053/p

No. M.249.

10.2.39

Bangalore, 9th Februry, 39.

A. Sundararaja Rao, Esq., B.A., B.L.,
Secretary,
Mysore Legislative Council,
Bangalore.



Dear Sir,

Re: The Money Lenders' Bill.

I have perused the above Bill at present before the Legislature and referred to the consideration of the Committee.

I understand that its terms may be interpreted to include Banks and in particular this Institution:-

The Bill is to provide^{for} the Regulation and Control of Money Lending as a business carried on by those who are at present unregistered, or not liable to any public supervision of any description.

The Bank is a Joint Stock Company whose accounts are subject to audit by a certified auditor under the Mysore Companies' Act and inspection of accounts by Mysore Government Auditor, and is obliged to publish Weekly Statement of Accounts in the Mysore Gazette. In addition, the Bank is subject to various restrictions in regard to the type of business it may do.

-2-

In these circumstances, I have to submit
that the Bank may be ^{statutorily} exempted from the terms of the
proposed Act and to request kindly to consider this
letter as an application for that purpose.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'K. S. Rao', written over a horizontal line.

MANAGER.

RN.

SUBJECT.....

Dr. J. V. Kani

Section

File No.

Serial No.

Diary No. of letter replied to

General and Revenue Secretariat

()
the 193 .

Date of issue.....*16/2/39*.....

Signed by.....*Mr. A.S.R.*.....

List of enclosures.....

Copied by

Examined by.....

No. *P 6367*

To

The Manager

The Bank of Mysore Ltd

Bangalore.

Sir,

Subject - The Moneylender's Bill

I am directed to acknowledge the receipt of your letter No M 249 dated 9th Feb '39 on the above subject.

I have etc

Secretary

Mysore Legislative Council

IMPERIAL BANK OF INDIA

ALL LETTERS TO BE ADDRESSED TO
THE AGENT
TELEGRAPHIC ADDRESS
"THISTLE"

5494/P

BANGALORE 3rd. March 1939

No. 780

The Chief Secretary to the
Government of His Highness
the Maharaja of Mysore,
B a n g a l o r e.

4 MAR 1939

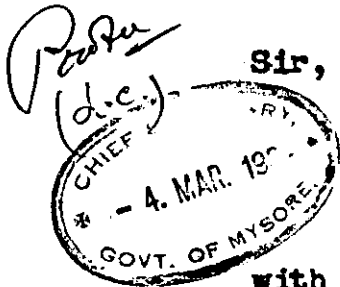
Sir,

THE MONEY LENDERS' BILL.

I have the honour to advise that I have perused with considerable interest the draft form of the Money Lenders' Bill which has been read in the Mysore Legislative Council at its recent session and referred to a Select Committee. While I agree with the Authorities that legislation for the control of money lending business is required in order to protect ignorant debtors against fraud and extortion, there are certain provisions in the Bill which may be interpreted to include institutions ^{such} as the Imperial Bank of India.

2. The Imperial Bank of India is constituted according to the Imperial Bank of India Act, 1920 (XLVII of 1920), as amended up to 1st April 1935, passed by the British Indian Legislature and the Bank is the accredited Agent of the Reserve Bank of India besides being the principal Bank to the Government of Mysore.

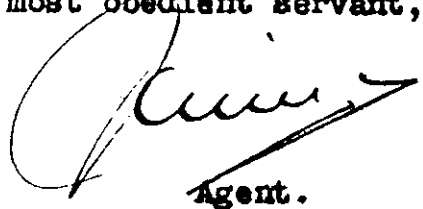
3. In the circumstances I conclude that it is not intended that the Money Lenders' Bill will apply to the Imperial



Bank of India. I would however be glad if you could kindly make the matter clear beyond all doubt by the inclusion in the Act of some clause statutorily exempting the Imperial Bank of India, or by the inclusion of words exempting the Imperial Bank of India in such rules that may be framed or Notification issued regarding the application of the provisions of the Bill.

4. I have the honour to request you to be good enough to advise me of the line of action you propose to take in the matter.

I have the honour to be,
Sir,
Your most obedient servant,



Agent.

Serial
No.

Subd with a draft acct to the agent Imperial Bank

C	THE
F	OF THE
MAR 4 1939	
6978	

(R) 4/3

used

4/3

this will be placed before the
S.C.

1/81- member)

4/3/39

NOTE—Contn. Sheet.

9m
6/3/39

SUBJECT

.....

.....

Section

File No.

Serial No.

Diary No. of letter replied to

GO No. P4741

General and Revenue Secretariat

()

the 193

To

The Agent,
Imperial Bank of India
Bangalore

Date of issue..... 4/3/39 Dear Sir,

The Money Lender's Bill

Signed by..... Mr A.S.R

I am directed to
acknowledge the receipt of
your letter of 3rd March 39
on the above subject.

List of enclosures.....

I have etc
4.3

Copied by

for Chief Secy to Govt.

Examined by.....

L.O. no. P 4741 J 4.3.39

Dear Sir,

The Money Lenders Bill.

I am desirous to acknowledge the receipt
of your letter dated 3rd March 1939 on the above subject.

Yours sincerely,

For Chief Secretary to Government.

To

The Agent,
Imperial Bank of India,
Bangalore.

No. 15/1

THE PALACE, MYSORE,

28th June 1939.

4th July

The petition, of which particulars are given below, to His Highness the Maharaja, is forwarded with compliments for favour of disposal.

To

The Secretary to the Government
of H. H. the Maharaja of Mysore.
Law Department, Bangalore.

By Order,



For Private Secretary
to H. H. the Maharaja of Mysore.

18/7 1939

No. P.653 of 1938-39

Petition dated 26-6-39 from Messrs Syed Abdul Shakoor and Aktyar Mohamed, Money lenders, 124 Police Road, Bangalore, praying that effect should not be given to the Money Lenders' Bill as it affects the poor creditors who are not able to keep clerks to write the accounts.

Subs. to
G.O. No. 26/61

111/237

To

Col. Sir Sri KrishnaRajendra Wodeyar Bahadur

G.C.S.I. , G.B.E.

His Highness The Maharaja of Mysore,
(camp) Bangalore.

Memorialists. Syed Abdul Shakoor and Aktyar Mahomed
Money lenders, 124, Police Road, Bangalore and 300 others,
Money lenders of British Beluchistan in Mysore.

May It Please Your Highness,

Your Highness' memorilists abovenamed respectfully
showeth

1. The Memorialists are the poor ryots of the British Beluchistan who finding that they are unable to live on their land and being too poor to buy enough land to support them and their families have come to Southern India and more particularly to Mysore State to eke out a precarious living by money lending on a small scale.
2. The Money lenders bill recently passed by the Mysore Legislative Council makes it obligatory on the Money lenders to keep accounts of their transactions in a language foreign to them. As the Memorialists do not themselves earn much and most of them do not earn more than 25/- a month, all that they earn will not be enough to maintain a clerk and the petitioners will have to

to starve. The Memorialists are mostly illiterates and not able to keep accounts even in their own language.

3. If the Money lenders Bill should come into force the Memorialists will be unable to carry on business in Mysore State any longer; they will have to go back to Beluchistan to swell the already large number as unemployed persons there.

4. The Memorialists are already feeling the effects of the Bill soon after its passing the debtors of the Memorialists have already stopped payment of the debts due by them.

5. The Memorialists most humbly and respectfully pray Your Highness might bring Your Highness' influence to bear to repeal the Act or at the least for postponing the time of its enforcement by three years so that the Memorialists may recover the balance due ^{to} them and give up their profession. The Memorialists --- are Your Highness' Subjects and pray for protection.

The Memorialists beg to remain,
May It Please Your Highness
Your Highness' most obedient subjects.

Bangalore,

26/6/1939

کے عہدے پر
رکھ کر رہا ہے